

**2025-2026**

**Delaware State Housing Authority  
Low Income Housing Tax Credit  
Guidelines**

**Delaware State Housing Authority**

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## **Delaware State Housing Authority Underwriting Guidelines**

Applicants **must** utilize DSHA’s LIHTC Application Part II - Pro Forma. Alterations and/or manipulations to the pro forma as posted on the DSHA website are prohibited and will be deemed a violation and the complete application will be ineligible.

Waiver requests from the Underwriting Guidelines may be considered. Please see the QAP under “Application Process” for additional information.

### ***Construction Underwriting Guidelines***

#### **General Contractor’s General Requirements**

1. Maximum 10% of construction hard costs for new construction and rehabilitation projects.
2. General Requirements are drawn based on percentage of construction completion and do not require back-up documentation, but DSHA reserves the right to request documentation at any time. The General Requirements definition in the DSHA Cost Certification and Draw Guide (“the Guide”) applies and will be verified by the auditor at cost certification.
3. Costs eligible under General Requirements cannot be charged against any other trade line items, unless specifically allowed under the Guide.
4. There is no increase to the General Requirements other than what is approved by change orders during the course of construction. At project completion, the General Requirements may not exceed the lesser of the following:
  - a. The percentage submitted at application or approved at construction closing (whichever is less); or
  - b. The actual incurred costs, verified by the cost certification process. See the Guide for additional information.

NOTE: DSHA only prescribes the maximum permissible percentage. The approved percentage may be reduced by the owner/developer and/or other funding sources but may not exceed the 10% maximum. See the Guide for additional information.

#### **General Contractor’s Overhead and Profit**

1. Maximum 7% of construction costs for new construction and rehabilitation projects including site work and buildings but excluding general requirements.
2. There will be no increase to the Overhead and Profit other than what is approved by change orders during the course of construction. At project completion, the Overhead and Profit percentage may not exceed the percentage submitted at application or approved at construction closing (whichever is less) but may be less than the approved percentage. Please refer to the Guide for additional information.

NOTE: DSHA only prescribes the maximum permissible percentage. The approved percentage may be reduced by the owner/developer and/or other funding sources but may not exceed the 7% maximum. See the Guide for additional information.

#### **Contingency**

1. Budgets must include a 5% contingency for new construction and a 10% contingency for rehabilitation based on the cost of buildings, site work, general requirements, and contractor’s overhead and profit.

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2. For the purposes of contingency only:
  - a. rehabilitation will be defined as follows:
    - i. 75% or more of the existing external walls of the building are retained in place as internal or external walls; and
    - ii. 75% or more of the existing internal structural framework of the building is retained in place
  - b. All other projects will be defined as new construction.
3. The contingency will be bifurcated with 80% of the total contingency allocated for hard costs and 20% (up to \$200,000) of the total contingency allocated for soft costs. For example, a rehabilitation project has a 10% contingency totaling \$500,000 of which \$400,000 will be allocated for hard costs and \$100,000 will be allocated for soft costs. Funds may not be reallocated between the hard cost and soft cost contingencies until construction reaches 75% completion. All contingency reallocations require DSHA approval.
4. Contingency funds cannot be drawn or transferred without prior DSHA approval. If contingency funds are limited, it is at DSHA's discretion to approve requests and release funding.
5. Contingency funds must be fully exhausted prior to approval of funds to pay for construction interest or any other construction expenses from the development's operations account.

### Payment and Performance Bond

1. Payment and performance bonds from an approved bonding company are required prior to beginning work on the development.
2. Letters of Credit are not acceptable to fulfill this requirement.

### Land and Acquisition Value

An Appraisal Report of the unimproved land value from a qualified professional appraiser licensed in the State of Delaware and conducted within six (6) months of the application deadline is required for all applications. Appraisers must contact DSHA for a comparable land cost analysis. Assumed debt must be included in the acquisition cost and supported by the appraised value.

Appraisals for developments utilizing DSHA financing will be ordered by DSHA after the preliminary allocations are released. DSHA reserves the right to order appraisals for non-DSHA financed projects at DSHA's discretion.

For all projects, the acquisition price must meet the following standards:

1. For an arm's length transaction, the maximum acquisition price must be the lesser of the contract price or the "as is" appraised value of the property (other amounts will only be approved by DSHA at their sole discretion);
2. For a related party transaction where the property was acquired less than two (2) years before the application date, the maximum acquisition price may not exceed the lesser of the 'as is' appraised value of the property, or the original acquisition price plus carrying costs acceptable to DSHA; and
3. For a related party transaction where the property was acquired two (2) or more years before the application date, the maximum acquisition price may not exceed the lesser of the contract price or the "as is" appraised value of the property. Prior to allocation, a property appraisal and, if applicable, a copy of the settlement sheet will be required.

**NOTE:** In the event of rolled or existing debt on the property, DSHA may, at its sole discretion, approve a higher acquisition price. However, acquisition credits will always be calculated on the lesser of the amount supported by the as-is appraisal or the approved acquisition price.

### Construction Interest

Interest paid on all construction loans from the date of initial closing until permanent loan closing is an allowable expense. Balance of line item must be exhausted prior to approval of funds to pay for construction interest or any other construction expense from the development's operations account.

### Developer Fee

The developer fee is compensation for developing the proposed housing and covers the overhead and profit of the developer. Eligible tax credit basis for these purposes does not include 1) developer fees exceeding the Developer Fee Limits listed below or 2) any developer fee paid on costs exceeding the Eligible Basis limits.

1. 9% competitive tax credit awards
  - a. For developments of up to seventy (70) units:
    - i. The developer fee is limited to the lesser of \$1,000,000 or 15% of the Total Development Costs, excluding the developer fee, transferred reserves, relocation and/or operating deficit reserves, site environmental remediation costs, DSHA assumed debt, and land costs.
    - ii. Where there is an identity of interest acquisition of either land or existing rental properties, the fee is limited to the lesser of \$1,000,000 or 12% of the Total Development Cost excluding developer fee, transferred reserves, bond prepayment penalty, relocation and/or operating deficit reserve, site environmental remediation costs, assumed DSHA debt, and all land and acquisition costs *plus* 5% of the acquisition cost.
    - iii. Deferred developer fee, if any, may not exceed 50% of the total calculated fee.
  - b. For developments between 71-100 units the developer fee limit will be raised to \$1.15 million. The change in the limit does not impact the method for calculation of developer fee and any deferred fee cannot exceed 50% of the total calculated fee.
  - c. For developments of 101 or more units the developer fee limit will be raised to \$1.3 million. The change in the limit does not impact the method for calculation of developer fee and any deferred fee cannot exceed 50% of the total calculated fee.
2. Tax-Exempt Bond Projects (4%)
  - a. For developments up to 70 units:
    - i. The developer fee is limited to the lesser of \$2MM or 15% of the Total Development Costs, excluding the developer fee, transferred reserves, relocation and/or operating deficit reserves, site environmental remediation costs, DSHA-assumed debt and land costs.
    - ii. Where there is an identity of interest acquisition of either land or existing rental properties, the Developer Fee is limited to the lesser of \$2MM or 12% of the Total Development Cost excluding developer fee, transferred reserves, bond prepayment penalty, relocation and/or operating deficit reserve, site environmental remediation costs, assumed DSHA debt, and all acquisition costs and land costs *plus* 5% of the acquisition cost.
    - iii. 40% of the total fee (up to \$800k) must be deferred and paid only from cash flow as defined by DSHA (the "cash flow fee"). Of the amount not paid from cash flow, the deferred developer fee cannot exceed 50% (up to \$600k).
    - iv. Developer must provide a narrative that supports how they will fully pay the cash flow fee (up to \$800k) plus any deferred fee (up to \$600k) from the equity distribution per DSHA's stated distribution requirements within the first fifteen (15) years of operations. If payment of the total amount (cash flow fee *plus* deferred fee) through distribution/cash flow within 15 years is not possible, developer must elect a lesser fee that is supported by the cash flow and distribution caps. In the event of voluntary reduction of Developer Fee, the same cash flow fee and deferred fee caps will apply.
  - b. For developments between 71-100 units the developer fee limit will be raised to \$3MM and will utilize the same method for calculation of developer fee. 40% of the total fee (up to \$1.2MM) must be paid from cash flow. Of the amount not paid from cash flow, the deferred

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- fee cannot exceed 50% (up to \$900k). Developer must provide support for payment of the total cash flow fee and deferred fee within the first 15 years of operations or elect a lesser fee (see 2.a.iv for additional information).
- c. For developments for 101 or more units the developer fee limit will be raised to \$4MM and will utilize the same method for calculation of developer fee. 40% of the total fee (up to \$1.6MM) must be paid from cash flow. Of the amount not paid from cash flow, the deferred fee cannot exceed 50% (up to \$1.2MM). Developer must provide support for payment of the total cash flow fee and deferred fee within the first 15 years of operations or elect a lesser fee (see 2.a.iv for additional information).
  3. For the purposes of calculating developer fee *only*, identity of interest limitations will not apply when the acquisition of either land or existing rental properties occurred in a bona fide arm's length transaction within three (3) years of the date of application. This three-year look back does not apply to other areas impacted by identity of interest status, including but not limited to calculation of applicable acquisition credit. Applications from contiguous properties in the same LIHTC funding round using a combination of 9% and 4% credits will be subject to a reduction in the developer fee, unless each application is for a development of 80 units or more, reduction pro rata up to 80 units per application.
  4. The developer's fee shall be payable as follows:
    - a. Fifty percent (50%) of the non-deferred developer's fee shall be paid from the construction loan proceeds funded by DSHA and any other lenders and shall be disbursed twenty-five percent (25%) at fifty percent (50%) completion of the construction of the Development and twenty-five percent (25%) at permanent closing;
    - b. The remaining fifty percent (50%) of the total non-deferred fee shall be paid from the total equity contribution as provided in the Partnership/Operating Agreement;
    - c. Regardless of the sources, in no case shall the developer be allowed to receive greater than fifty percent (50%) of the non-deferred developer's fee prior to the conversion date. DSHA reserves the right to hold back any portion of the developer's fee funded from its construction loan(s) in the event funds are needed, which are not otherwise available to complete the development, or to complete the closing on the conversion date; and
    - d. Where there are any environmental remediation costs identified in the Environmental Site Assessment, Environmental Audit, CNA, or other application document and such costs were not included in the projected environmental cost line items, any additional costs to remediate the environmental items shall be paid from the Developer Fee and will not be allowed from contingency.

**NOTE:** In no case may the developer's fee exceed the developer fee approved by DSHA.

### **Cash Working Capital Reserve**

1. A reserve equal to 2.5% of the combined construction mortgages must be established at construction closing. This reserve is for the benefit of, and is held by, DSHA. Reserve will be released at permanent closing assuming there are no outstanding financial or construction issues.
2. The cash reserve is to be provided by the developer, sponsor, Applicant, general partner and/or other entity approved by DSHA. This amount cannot be paid from construction financing sources or be included in the Total Development Costs (TDC).
3. A Letter of Credit (LOC) may be supplied in place of cash to satisfy this requirement. No portion of the Development may be used as security for the LOC or any other LOC issued in connection with the Development. LOC fees may be paid from construction financing sources, but not from Development operational funds. LOC fees are not basis eligible.

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### Operating Reserve

1. Federally Subsidized Projects: Reserve equal to four (4) months of operating expenses, including debt service and replacement reserves must be funded at construction closing for acquisition/rehabilitation developments and by permanent closing for new construction developments.
2. Non-subsidized Projects: Reserve equal to six (6) months of operating expenses, including debt service and replacement reserves must be funded at construction closing for acquisition/rehabilitation developments and by permanent closing for new construction developments.
3. The reserve will be established from equity per the net equity calculation.
4. If a development is considered acquisition/rehabilitation, the operating reserve escrow will be established at construction closing unless otherwise approved by DSHA.
5. The operating reserve, other reserves, or operating income cannot be used to guarantee any obligations of other lenders or syndicators.

### Transition/Subsidy Reserves

1. This reserve is usually required by the syndicator for anticipated non-renewal of the subsidy contract. If the reserve is required, it will be established from equity per the net equity calculation. This reserve is not an eligible basis cost and cannot be paid from DSHA funds. The term of the reserve is in accordance with the investor's partnership or lender requirements. At the end of the transition term, funds are returned to the development.
2. If an agreement combines transitional and operating reserves, the escrow accounts must still be separated.

### Replacement Reserves

1. All projects must establish an initial replacement reserve by permanent closing of \$1,500 per unit; however, if carpets are installed in the units, the replacement reserve will be increased to \$1,650 per unit. The reserve will be established from equity per the net equity calculation. When the initial per unit balance has been met (must be by permanent closing), the annual replacement reserve per unit cost will reduce to \$500 per unit. If carpet is utilized, the annual replacement reserve will be \$550 per unit (see Annual Replacement Reserve).
2. Existing federally-financed or subsidized properties that have replacement reserve funds currently in escrow must use these funds for capital improvements (rehabilitation expenses). Reserve funds cannot be counted toward eligible basis.

### Tax Escrow

All projects must establish an initial tax escrow by permanent closing equal to the estimated annual tax liability per the underwritten annual operating budget. The escrow will be established from equity per the net equity calculation. Escrow funds cannot be counted toward eligible basis.

### Insurance Escrow

All projects must establish an initial insurance escrow by permanent closing equal to the estimated annual insurance premium per the underwritten annual operating budget. The escrow will be established from equity per the net equity calculation. Escrow funds cannot be counted toward eligible basis.

**NOTE: Unless otherwise stated, all reserves and escrows must be funded by permanent closing.**

**Equity Factor and Equity Raised**

1. Prior to each competitive funding round for 9% credits, DSHA shall determine and publish the minimum net equity factor required for all applications during that funding round. DSHA reserves the right to amend this amount due to changing market conditions.  
The net equity is defined as all equity raised for the development less syndication fees (i.e. syndicator legal and accounting costs), DSHA fees (i.e., 1.5% allocation/carryover fees and monitoring fee amounts), DSHA reserve requirements (i.e. Operating Reserve and Replacement Reserve), and DSHA escrow requirements (i.e. Tax and Insurance Escrows). Additionally, if required by the investor, the transitional subsidy reserve, investor servicer reserve, or a tenant protection reserve (if required by USDA) may be included as part of the net equity calculation upon consent of DSHA. For identity of interest syndicators, DSHA reserves the right to request additional letters of interest from other syndicators when market conditions warrant competitive equity pricing.
2. Fifteen percent (15%) minimum of the net equity raised must be brought in as a source at construction closing exclusive of equity used to pay the developer's fee or other fees. If more than 15% of net equity is shown as a source during construction, documentation from the syndicator/investor with the additional equity amount and proposed pay-ins must be included in the appropriate LIHTC application exhibit. Equity Letters of Interest must be fully executed and clearly demonstrate that the required construction closing equity funds are available and the balance of required equity will come in at permanent loan closing (except for any portion of the developer's fee withheld by the investor).
3. The Consolidated Appropriations Act of 2021 established a permanent minimum four percent (4%) rate for Housing Credit developments financed by tax-exempt multifamily bonds and for acquisition costs associated with all Housing Credit developments. The four percent (4%) rate is effective for buildings allocated acquisition housing credits after December 31, 2020, and for buildings financed with tax-exempt bonds issued after December 31, 2020.
4. Historic Equity/Credits
  - a. Detailed funding commitments are due within four (4) months of a carryover allocation award and must include a clear timetable of the flow of equity funds.
  - b. Must demonstrate all fees can be paid in accordance with DSHA and IRS guidance. The pro forma must demonstrate that the additional fee can be paid in accordance with IRS regulations.
  - c. For developments utilizing historic rehabilitation tax credits, DSHA will allow a historic consultant fee. See Consultant Fees for additional information.

**Relocation**

1. All state and federally financed, state and federally subsidized, or conversion properties must follow all Federal Uniform Relocation Act regulations as applicable and DSHA's Relocation Policy. Relocation assistance must be included as part of construction costs. DSHA must approve all relocation plans and correspondence to residents.
2. At application, the applicant may assume the risk for over-income residents and apply for the full amount of credits needed. However, at carry-over allocation, verifications/certifications of current residents' income must be analyzed for eligibility. If the applicable fraction from application to construction closing/carryover allocation changes due to over-income residents that result in a loss of credits, the difference in any equity reduction will be the responsibility of the owner, not DSHA.
3. Relocation expenses include resident moving expenses, utility deposits, off-site rents, on-site management administration beyond normal management duties (as documented by detailed timesheets and invoices), unaffiliated outside personnel hired specifically to perform relocation work only and other relocation expenses allowed under the URA.

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4. Currently relocation costs cannot be included in eligible basis. In the event relocation costs are determined to be basis eligible, DSHA will only allow up to \$3,000 per unit to be included in basis.  
In the event of mixed-income developments, relocation costs associated with non-income restricted units may be included in the overall TDC, but all associated costs will not be considered basis eligible.
5. Relocation Operating Deficit Reserve
  - a. DSHA allows up to \$1,500 per unit for a relocation operating deficit reserve for operating deficits caused by off-site relocation. This line item cannot be included in eligible basis.
  - b. Any funds remaining will be applied to reduce DSHA's loans (if applicable) and cannot be applied to other line items. Funding of an approved reserve from interim income will not be considered to have caused a deficit in operations due to off-site relocation. Additionally, interim income may not be used as collateral for any loan (other than a standard assignment of rents and leases), operating deficit guarantee, or letter of credit.

### Legal Fees

1. The total amount of legal fees for any single Development shall not exceed \$150,000 excluding any legal costs charged by DSHA or other lending institutions providing financing to the development (as determined by DSHA). This limit includes all fees, travel, expenses, incidentals and other costs (i.e. searches, courier, binder preparation, copy costs, etc.) incurred by the firm or the counsel in connection with the Development work. Charges for travel, expenses, incidentals, and other costs must be appropriately itemized and/or documented. This limit includes both construction and permanent closing.
2. Any overages must be paid from the developer's fee or from non-project sources.
3. All requests for payment of fees to developer's counsel shall be for work completed by counsel and accompanied by an invoice on the letterhead of the firm.
4. Syndication legal expenses, bond issuance fees, bond legal fees charged by the financial institutions providing equity and/or bond financing to the development, and title and recording fees are not included in this limit. Syndication fees are not generally included in DSHA financing and must be paid from the developer fee or equity.
5. No legal fees and costs incurred in preparation and review of the tax credit application will be paid or reimbursed for prior applications.

### Cost Certification/Accounting

1. Accounting costs for completing audits or cost certifications required by DSHA or other entities providing funds to the development are permitted charges.
2. The total cost certification and accounting fees cannot exceed \$30,000. DSHA may, at its sole discretion, increase the maximum permissible cost certification and accounting fee for multi-site properties.
3. Cost certification costs cannot be included in eligible basis.
4. All cost certification and accounting firms must be licensed in the State of Delaware.
5. Audited financial statements shall be submitted for all projects receiving competitive 9% or 4% allocations. Statements may be submitted to DSHA via PDF ninety (90) days after the close of the project's first fiscal year after the year of placed in service, unless otherwise required by syndicator, other lenders, HUD, or USDA prior to placed in service.

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### **Furniture, Fixtures, and Equipment (FFE)**

Furnishings for management office and/or community room, office equipment, and computer software/hardware. DSHA requires a minimum FFE budget of \$800 per unit for new construction and new creation projects and a maximum of \$800 per unit for preservation projects.

### **Marketing and Rent-Up Fees**

1. Marketing costs include advertising, temporary office rental expenses, office supplies and other marketing costs, such as brochures, business cards, temporary signs, and flyers. No salaries may be included in the marketing costs.
2. Rent-Up Fees:
  - a. Management companies can charge a rent-up fee of up to \$500 per unit for new construction or unoccupied rehabilitation developments;
  - b. Management companies can charge a rent-up fee of up to \$250 per unit for occupied rehabilitation developments; and
  - c. This fee is only allowed if it is included in the budget at construction closing. This line item cannot be increased after construction closing. No other management costs related to rent-up (office supplies, salaries, travel expenses, etc.) are allowed. Note: rent-up fees cannot be included in eligible basis.

### **Consultant Fees**

1. For developments utilizing historic rehabilitation tax credits, DSHA will allow a historic consultant fee (also must meet consultant definition) in both Total Development Cost and eligible basis. The historic consultant fee may not exceed \$50,000. A contract to provide historic consultant services must be submitted with the Application and the historic consultant must be a certified expert.
2. For RAD conversions, DSHA will allow a consultant fee (also must meet consultant definition) in both Total Development Cost and eligible basis. The RAD consultant fee may not exceed \$50,000. A contract to provide RAD consultant services must be submitted with the Application and the consultant must be a certified expert that includes documentation of the number of successful conversions.

### **Bond Prepayment, Broker Fees and Tax Credit Fees**

1. Bond prepayment and broker fees shall be included as part of the seller's costs and included in the acquisition price provided such payment is supported by an appraisal.
2. Tax credit and DSHA funding application fees are eligible expenses if a successful award is made by DSHA. 4% Bond application fees are not eligible for reimbursement and should not be counted in basis.

## ***Operating Pro Forma Underwriting Guidelines***

### **Operating Income**

1. Must include rents, laundry income, and income from solar energy, as long as it benefits the property and/or residents. Other income must be supported with written documentation.
2. Rents should be affordable for the market area. Please contact DSHA for comparable tax credit rents in the area of the proposed development (see the Delaware State Housing Authority Funding Supplement for additional information).
3. For federally financed or subsidized properties, the contract rents approved by HUD/USDA Contract Administrator(s) must be used for the contract period. Tax credit rents must be used after any subsidy period expires.
4. Interim income can only be used for HUD/USDA/DSHA-approved operating expenses of the property and not for construction expenses except by written consent from HUD and/or DSHA. For subsidized developments, existing escrows and interim income may be used to fund required reserves (contact DSHA for additional guidance). Funding of an approved reserve from interim income will not be considered to have caused a deficit in operations due to off-site relocation. Additionally, interim income may not be used as collateral for any loan (other than a standard assignment of rents and leases), operating deficit guarantee, or letter of credit.

### **Operating Expenses**

1. Range must be between \$5,450 and \$7,550 per unit (for non-subsidized properties).
2. Range must be between \$6,450 and \$8,950 per unit (for federally subsidized properties).
3. DSHA may, at its sole discretion, approve a per unit operating expense higher than the maximum if the increased operating costs are supported by empirical data.

### **Debt Coverage Ratio**

1. 1.15:1 Debt Service Coverage (DSC) for a Loan to Value ratio of 50% or less.
2. 1.20:1 DSC for a Loan to Value ratio of 51%-80%.
3. For projects with no amortizing debt, the project must maintain 1.10:1 DSC based on the operating income to operating expenses.
4. For projects with fully amortizing DSHA permanent debt, the Loan to Value ratio must cover all amortizing debt (with exception to USDA projects).
5. For projects financed under the FHA Risk Sharing Insurance program, DSHA will follow the risk sharing regulation of 1.176:1.
6. 1.15 Loan to Value ratio will be used for projects financed with FHA 221 (d)(4) loans.
7. For projects where at least 90% of the units are subsidized with rental assistance (USDA, Section 8, RAD, PBV, etc.), DSHA may allow, at its sole discretion, 1.15:1 DSC with a Loan to Value ratio of 51%-80%.
8. Negative cash flow within first 20 years of loan will not be accepted. All first mortgages must have a term of 20 years or more amortized over 30 or 35 years unless otherwise approved by DSHA.

**NOTE: Value = Rent Restricted Value**

### **Annual Replacement Reserves**

New Construction and Rehabilitation: \$500 per unit per year. If carpet is installed in the units, the annual replacement reserve will be increased to \$550 per unit.

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### Trending (20-year Cash Flow Pro Forma)

1. Income escalation is 2%
2. Expenses escalation is 3%

**NOTE:** For Section 8 properties, trending must be approved by the Contract Administrator(s) prior to application submission.

### Vacancy Rate

1. 5% or the more restrictive of any additional funding sources. Contact DSHA for guidance.
2. Loans financed using the FHA Risk Sharing Program will generally be underwritten using a 7% vacancy rate.

### Management Fee

8% of gross income (exceptions made for subsidized developments).

### Management Staffing

1. Phased projects may share a manager, site assistant manager, and maintenance staff across phases up to 175 units. Developer and/or Management company must provide documentation of the staffing positions and the salary amounts dedicated to each phase and must be approved by DSHA at its sole discretion prior to application submission.
2. Special population properties (i.e. seniors, disabled) must have their own dedicated management and maintenance staff.

### Operating Pro Forma

1. Must also be approved by the development's management entity. For federally subsidized properties, the Contract Administrator must approve the pro forma.
2. If a photovoltaic (solar) system is utilized at the development, costs associated with the third-party aggregator (typically 8-10% of the credits generated) must be added to the annual operating budget. Additional funding sources (i.e. energy credits, energy rebates, etc.) derived from the photovoltaic system must be disclosed to DSHA. DSHA will, at its sole discretion, determine how these funds will be incorporated into the project sources.
3. Excess Cash Flow Distributions will be capped as follows:
  - a. 9% LIHTC Allocations:
    - i. For competitive DSHA-financed developments with approved debt service coverage ratios (see Debt Coverage Ratio for additional information) and amortization periods (thirty (30) or thirty-five (35) years), the annual distribution will be capped at 1% of initial equity investment.
    - ii. Accumulated distributions cannot exceed five (5) years.
    - iii. DSHA may reduce the amount of annual credit to a development where the annual distribution appears excessive.
    - iv. DSHA may, at its sole discretion, reduce the annual distribution for developments that fail to comply with DSHA debt service coverage ratios and/or amortizations periods.
  - b. 4% LIHTC Allocations:
    - i. For tax-exempt bond DSHA-financed developments with approved debt service coverage ratios and amortization periods, the annual distribution will be 2% of the initial equity investment up to a maximum of \$200,000 for ten (10) years or until such time as the required cash flow fee is repaid per projections in construction closing pro forma, whichever is less (the "Cash Flow Fee Repayment Period").
    - ii. Upon such time as the Cash Flow Fee Repayment Period ends, the equity distribution will remain capped at the lesser of 2% of the initial investment or \$200,000 but will be split 50% to the development and 50% to DSHA to repay deferred debt.

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- iii. Cumulative distribution will not be permitted.
- iv. DSHA may, at its sole discretion, reduce the annual equity distribution for developments that fail to comply with DSHA debt service coverage ratios and/or amortizations periods.
- c. Non-DSHA financed developments are not subject to distribution caps during the term of the credit or extended use period and standard partnership waterfall distribution of income will apply.

### Utility Allowance

1. Allowable Methods: The IRS and HUD have published final regulations regarding utility allowances for LIHTC properties and projects that receive federal funds. Permitted utility allowance methods include:
  - a. **Public Housing Authority (PHA) Utility Allowance Schedule:** Utility allowance method established by the applicable PHA. If the applicable PHA allowance lists flat fees for any utility, those flat fees must be included in the calculation of the utility allowance if the resident is responsible for that utility. The most recent PHA allowance must be used.
  - b. **HUD Actual Consumption Method:** The HUD Actual Consumption Method is based on actual consumption of the residents in existing projects. The calculations and submittal for DSHA approval must be completed in accordance with HUD Notice H-2015-04, Methodology for Completing a Multifamily Housing Utility Analysis, effective June 22, 2015. This method is required by all LIHTC projects that receive HUD funding (see chart below). This utility calculation is the only method that is updated every three (3) years.
  - c. **Energy Consumption Model (Estimates from engineering firms):** This method uses engineering modeling to calculate utility estimates based on energy, water, and sewage consumption. The energy consumption model must consider specific factors including, but not limited to, unit size, building orientation, design and materials, mechanical systems, appliances, characteristics of the building location, and available historical data.

The utility consumption estimates must be calculated by a licensed engineer or other qualified professional. The qualified professional and the building owner must not be related within the meaning of the applicable IRS regulation, Section 1.42-10. DSHA must approve use of the energy consumption model.

Utility rates for the energy consumption model must be no older than the rates in place sixty (60) days prior to the beginning of the ninety (90)-day notification period as described in the applicable IRS regulation, Section 1.42-10.

To generate an energy consumption model, the qualified professional shall estimate the utility consumption and cost for each tenant-paid utility for every apartment configuration within each unit type. For example, the qualified professional will model both a two-bedroom end unit and a two-bedroom interior unit as each is a different configuration of a single unit type. The qualified professional shall then determine the appropriate utility allowance for each unit type by performing a weighted average of the modeled values for each distinct apartment configuration within that unit type.

The following information should be clearly defined or described in the engineering firm's analysis and report:

- The name and version of the modeling software used;
- The name of the applicable utility company or companies serving the property;
- The utility rate and costs, including any taxes or other charges that would be included in a tenant's utility bill;

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- A list of all design elements and modeling inputs used and a brief description of each and the source of that information;
- Available historical consumption data for the subject building or a similar building. If such historical data is not available, the analysis should justify that the modeled consumption values are reasonable;
- Summary table(s) of the consumption and cost by utility for each apartment configuration modeled;
- Summary table(s) of the consumption and cost by utility for each unit-type after performing a weighted average of the apartment configurations; and
- Narrative explaining how the analysis satisfies each requirement of the applicable IRS regulation, Section 1.42-10.

This method may be used for utility allowance projections in the pro forma submitted at application but must be reviewed and approved by DSHA during underwriting. After conversion, both new creation projects and those receiving any type of HUD funding will switch to the HUD Actual Consumption Method once consumption records are available.

- d. **Utility Provider Estimate:** A written estimate from the utility provider(s) at the development is an acceptable method. Any costs incurred to receive this estimate are borne by the owner/applicant. This utility analysis or survey must be pre-approved by DSHA.
- e. **HUD Utility Schedule Model:** building owners/applicants may use the HUD Utility Schedule Model. The HUD Utility Schedule Model is based on data from the Residential Energy Consumption Surveys (RECS) conducted by the Department of Energy. This data provides energy consumption by structure for heating, air conditioning, cooking, water heating, and other electric. The Model incorporates building location and climate.

**NOTE:** The utility allowance methods listed below should be used in LIHTC projects, respective to the type of program included in the LIHTC project.

Program Type	Utility Allowance Method	Review Requirement
Rural Development (RD) Section 515/RA	RD Utility Method/Schedule	As required by RD
RD Section 515/with Section 8	HUD Actual Consumption Method	Every 3 years
Section 8, project-based projects/units	HUD Actual Consumption Method	Every 3 years
Section 202 projects – PRAC or SPRAC	HUD Actual Consumption Method	Every 3 years
HOME projects or units	HUD Actual Consumption Method	Every 3 years
Section 811	HUD Actual Consumption Method	Every 3 years
Section 8, Housing Choice Voucher units, or HOPWA vouchers	PHA Utility Allowance Schedule	Annually
State Rental Assistance Vouchers (SRAP)	PHA Utility Allowance Schedule	Annually
LIHTC Only (no subsidies)	Choice of Any Utility Allowance Method	Annually, with exception to the HUD Actual Consumption Method

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### 2. **Notice**

A building owner/applicant using the Utility Provider Estimate, the HUD Utility Schedule Model, or an Energy Consumption Model must submit copies of the utility estimates to DSHA and make the estimates available to all tenants in the building at the beginning of the ninety (90)-day period before the utility allowances can be used in determining the gross rent of rent-restricted units.

If using the HUD Actual Consumption Utility Method, notice requirements are in accordance with HUD Notice H-2015-04, Methodology for Completing a Multifamily Housing Utility Analysis.

### 3. **Utility Allowance Estimate Costs**

The building owner/applicant must pay for all costs incurred in obtaining the estimates and providing the estimates to DSHA and the residents. The Energy Consumption Method is an eligible project cost.

### 4. **Record Retention**

The building owner/applicant must retain any utility consumption estimates and supporting data as part of the taxpayer's records for the compliance period.

### 5. **Changes in Utility Allowances**

An owner/applicant may choose to change the utility allowance calculation after the credits have been placed in service. If at any time during the building's compliance and extended use period the applicable utility allowance for the units changes, the new utility allowance used to compute gross rents of the units is due ninety (90) days after the change (the ninety (90)-day period).

## **DSHA Funds**

Please see the DSHA Funding Supplement for additional underwriting criteria if utilizing DSHA funding.

## Delaware State Housing Authority Funding Supplement

The purpose of DSHA's funding is to efficiently provide, and assist others to provide, quality affordable housing opportunities and appropriate supportive services to low- and moderate-income households.

This supplement describes additional funding sources DSHA may utilize in conjunction with Low Income Housing Tax Credits. Because DSHA funding programs are limited, the developer must demonstrate that other potential sources of funding were explored to ensure that the DSHA funding sources are used only to the extent necessary for the development's financial feasibility and long-term economic viability. Where there are differences between the requirements of the Low Income Housing Tax Credit program and any of the programs described below, the most restrictive regulation, and/or requirement will apply.

### Funding Requests

All applicants seeking DSHA funding for LIHTC developments must request a **Letter of Interest (LOI)** to include as part of the complete LIHTC application. All LOI requests for DSHA funding must be **submitted no later than three (3) weeks** prior to the LIHTC application due date. The LOI request must be a written request submitted via e-mail to the Director of Housing Development on letterhead of the applicant and must include the following information:

1. DSHA Construction Funding:
  - a. Amount requested;
  - b. Interest Rate;
  - c. Loan Term;
2. DSHA Permanent Deferred Funding
  - a. Amount requested;
  - b. Interest Rate;
  - c. Loan Term;
3. Other lender(s) contact information (name, address, phone number, and e-mail address);
4. Equity provider contact information (name, address, phone number, e-mail address);
5. Total number of LIHTC income restricted units; and
6. A copy of the proposed rent structure. This can be an attachment to the funding request.

Applicants *may not* specify a DSHA funding source as part of their funding request. All requests must comply with the DSHA lending limits (see *2025 DSHA Loan Limits* chart for additional details).

### Uses of Funding

Funding may be utilized for construction and/or permanent deferred financing. DSHA will not consider requests for permanent amortizing debt or interest only permanent debt prior to preliminary allocation award announcements. Types of multifamily developments that will be considered for DSHA funding include, but are not limited to:

1. New construction;
2. Acquisition and rehabilitation, including conversion of market rate to affordable housing and preservation of existing affordable housing;
3. Adaptive re-use of non-residential buildings; and/or
4. Historic.

DSHA Funding and LIHTC requests are both considered in the same application. The application is comprised of a fillable-PDF application (Part I), a Cash Flow Pro Forma (Part II), LIHTC Score Sheet (Part III), and required additional documented exhibits. Applicants must consult the QAP for complete information on application requirements.

## Technical Assistance

Technical Assistance meetings are available, and encouraged, for all LIHTC applicants, especially applicants seeking DSHA funding as described by this Funding Supplement (see the QAP for additional details).

## Funding Sources Used for LIHTC Developments

DSHA administers a variety of state and federal affordable housing financial resources including, but not necessarily limited to, state Housing Development Funds (HDF), Affordable Rental Housing Program (ARHP) funds, and federal HOME and National Housing Trust Fund (NHTF) monies. Because there are different requirements for each funding source, DSHA will determine which funding source best meets the needs and conditions of the applicant after LIHTC allocation.

### 1. Housing Development Fund (HDF)

Established by Delaware's Housing Trust Fund Statute in 1986, HDF provides loans to 9% and 4% tax credit developments to assist them in achieving economic feasibility in serving families and individuals with incomes of up to 80% of area median income. Over the next two years, there will be approximately \$8,250,000 available for 9% LIHTC developments, and approximately \$6,000,000 available for tax exempt bond 4% tax credit developments.

### 2. Affordable Rental Housing Program (ARHP)

The ARHP fund was established in 2009 and provides loans to 9% and 4% tax credit developments to assist them in achieving economic feasibility in serving families and individuals with incomes of up to 80% of area median income. ARPH has deadlines by which funds must be committed and expended. These funds, typically derived from state bond issues, are not includable in basis for 9% LIHTC purposes. For 2025, a minimum of \$4 million will be available.

### 3. HOME Investment Partnerships (HOME)

The HOME program is funded by the federal government and enables Delaware to assist in a variety of affordable housing programs in all areas of the state. DSHA expects to receive approximately \$3 million in 2025 and 2026, of which approximately \$2 million will be available to be utilized for affordable rental developments. Financing from HOME funds introduces program rules in addition to LIHTC rules, so in any event of conflict, the most restrictive rules will apply. The use of HOME funds may impose Davis-Bacon and related acts; Section 3; Build America, Buy America (BABA); and a variety of other federal HOME requirements.

Note: DSHA may provide financing for up to eleven (11) units of HOME funds (amounts will depend on HUD's per unit limits at the time of application). HOME financing for more than eleven (11) units may be offered to a development at DSHA's sole discretion, but may trigger additional federal requirements, including Davis-Bacon prevailing wage requirements.

### 4. National Housing Trust Fund (NHTF)

This federal source of funds comes from the profits of the Government-Sponsored Enterprises (Fannie Mae and Freddie Mac) making the annual allocation somewhat unpredictable; in 2023 and 2024, Delaware received approximately \$3 million. Subject to NHTF fund availability, approximately \$2 million may be available for developments that target (1) newly-created extremely low-income households (30% AMI); (2) family projects in areas of opportunity, or (3) 30% units that are created for Permanent Supportive Housing (PSH) and require supplemental funds to cover a substantial financing gap that cannot be met by deferring 25% of the developer fee. If no 9% housing tax credit applications can utilize NHTF financing, DSHA may make this funding source available to 4% tax-exempt bond applications under the same terms and conditions.

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Developments receiving NHTF funds must comply with all federal requirements for use of these monies and with DSHA's NHTF Allocation Plan requirements, but payment of Davis-Bacon wages is not required under this program except as may be required by combination with other sources of federal funding.

### 5. HOME-ARP

Congress allocated \$5 billion through the American Rescue Plan to help address the continued impact of the COVID-19 pandemic on communities across the country. This funding is administered through HUD's HOME Investment Partnership Program (HOME).

HOME-ARP funds are targeted to four eligible groups of recipients who are referred to as "qualifying populations" and include individuals and households experiencing homelessness; those at risk of homelessness; persons fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking; and other groups as identified by HUD where supportive services would prevent homelessness or serve those at greatest risk of housing instability. HOME-ARP funds must primarily benefit individuals and families that meet one of the qualifying populations defined by HUD and DSHA's HOME-ARP Allocation Plan, however, not more than 30 percent of the total number of rental units assisted with HOME-ARP funds may be occupied by low-income households

HOME-ARP funds may be used for multifamily housing including acquisition, construction and rehabilitation of affordable rental housing. Developments receiving HOME-ARP funds must comply with all federal requirements for use of these monies and with DSHA's HOME-ARP Allocation Plan requirements.

### Tax-Exempt Bond Financing

DSHA can issue tax-exempt private activity bonds for 4% LIHTC developments. For all applicants seeking 4% tax-exempt bond financing, a minimum of 30% (but no more than 55%) of the development's aggregate basis must be financed by tax-exempt bonds and DSHA must be the bond-issuer. Applications seeking DSHA funding must compete in the annual allocation process and submit applications by the LIHTC deadline as set in the QAP.

If DSHA funding set aside for 4% tax credits is not oversubscribed after the competitive allocation awards are announced, the remaining funds will be available for applications submitted on a rolling basis until December 15 of that year. 4% LIHTC applications requesting DSHA funding **will not** be accepted between December 16 and the next year's competitive annual allocation submission deadline. 4% LIHTC applications that do **not** request DSHA funding may be submitted on a rolling basis between February 1 and December 15 of each calendar year. Acceptance of rolling applications is subject to the availability of bond cap volume.

During the rolling application process, 4% tax credits and DSHA funding may be awarded without participating in the annual competitive allocation process, but applicants must meet the minimum threshold requirements and must score a minimum of ninety-five (95) points.

Tax-exempt bond-financed properties must make an application for tax credits prior to construction or rehabilitation of the property. In the event that a tax-exempt bond property is proposed in the same area as competing tax credit properties, the market study must provide an acceptable demand analysis.

Subject to HOME funds availability, DSHA HOME funds may be available for 4% developments with a substantial financing gap that cannot be met by a deferral of 25% of the non-cash flow developer's fee. In such instances, DSHA may determine that the development is eligible for DSHA supplemental financing in the form of HOME funds of up to \$1 million. This supplemental financing is in addition to the stated

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deferred DSHA financing limits but cannot be included as a source during the application period. Only the highest ranked 4% tax-exempt bond applicant during the annual allocation process may be eligible for the additional HOME funding.

Please see the QAP for additional information regarding application requirement for tax-exempt bond-financed LIHTC developments.

### Funding Availability - DSHA Limits, Fees, Rates, and Term Schedule

2026 DSHA LOAN LIMITS	
<u>Type of Funding</u>	<u>Limit</u>
Construction Financing	Dependent on request and other funding sources but should not exceed 50% of total construction financing.
Permanent Deferred Financing	<p>Unless otherwise stated, DSHA lending limits are as follows:</p> <ul style="list-style-type: none"><li>• Lesser of \$60,000 per unit up to \$3.5 million for developments containing up to 70 units;</li><li>• Lesser of \$60,000 per unit up to \$4 million for developments containing between 71 and 100 units;</li><li>• Lesser of \$60,000 per unit up to \$4.5 million for developments containing 101 units or more.</li></ul> <p>For 4% tax-exempt applications in Areas of Opportunity, DSHA will increase the per unit amount to \$70,000 up to the aforementioned maximum amount based on development size:</p> <p>For applications with existing DSHA debt, DSHA will increase the per unit amount to \$70,000 up to the aforementioned maximum amount based on development size. Existing DSHA debt will count toward the stated lending limits.</p>

### Fees, Rates, and Terms

The fees outlined herein are applicable to all applicants seeking DSHA resources and should be included in the development budget of the application. Interest rates and annual expenses are determined during underwriting based upon market conditions. All fees are non-refundable, non-transferable, and due as designated in the schedule below.

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<b>2025 DSHA FEE SCHEDULE</b>		
<b><u>Application Fees</u></b>		
9% and 4% Tax Credit Application Fee	<b>\$1,500</b>	Due with submission
DSHA Financing Application Fee	<b>\$2,000</b>	Due with submission
<b><u>Tax Credit Program Fees</u></b>		
9% and 4% Tax Credit LIHTC Allocation Fee	<b>1.50% of carryover allocation x 10 years</b>	Due no later than construction closing.
<b><u>Monitoring, Compliance, and Asset Management Fees</u></b>		
Compliance Monitoring Fee (one-time, per unit)	<b>\$750</b>	Due no later than construction closing.
	<b>\$250</b>	Additional per unit fee for Income Averaging election, no later than construction closing.
Asset Management Fee (one-time, per unit)	<b>\$250</b>	Due no later than construction closing. Developments utilizing only HOME and/or NHTF will be excluded from this fee.
<b><u>Construction Financing* (standard term of 24 months unless otherwise approved by DSHA)</u></b>		
ARHP/HDF Construction Loan Commitment Fee***	<b>1.25% of approved loan amount</b>	Due at construction closing
ARHP/HDF Construction Loan Interest Rate	<b>3.00%</b>	Due monthly
HOME/NHTF Construction Loan Commitment Fee	<b>0.00%</b>	
HOME/NHTF Construction Loan Interest Rate	<b>3.00%</b>	Due monthly
Loan Extension Fee	<b>0.25% of loan amount per extension waived for first 3-month extension</b>	Due prior to permanent closing. May be paid from development sources if sufficient funding is available. May not be paid from operating funds
<b><u>Permanent Financing* (30-year term)</u></b>		
ARHP/HDF Permanent Loan Commitment Fee (applied to fully amortizing or interest-only permanent loans)	<b>1.25% of amortizing or interest-only loan amount</b>	Due 50% at construction closing and 50% at permanent closing
ARHP/HDF Permanent Fully Amortizing or Interest-only Permanent Loan Interest Rate**	<b>5.5%</b>	Due monthly
ARHP/HDF Deferred Permanent Loan Commitment Fee***	<b>1.25% of approved loan amount</b>	Due at construction closing
ARHP/HDF Deferred Permanent Loan Interest Rate	<b>1.00%</b>	Deferred; accrued interest due from cash flow
HOME/NHTF Permanent Loan Commitment Fee	<b>0.00%</b>	
HOME/NHTF Deferred Permanent Loan Interest Rate	<b>1.00%</b>	USDA loans-Principal due in full at the end of maturity date; Non-USDA loans-Deferred accrued interest due from cash flow
Loan Extension Fee	<b>\$250 per day</b>	Due at or prior to permanent closing and may not be paid from Loan Proceeds, Equity, or operating funds
<p><b>*Interest rates are subject to change. Loan repayment schedules may be influenced by the income mix of the persons served and the financial viability of the development. Terms listed here are for reference purposes only; the final and executed loan documents will define and control all terms.</b></p> <p><b>**DSHA Amortizing debt interest rates are subject to change based on market conditions. DSHA maintains a minimum interest rate of 5%. Amortizing debt and interest only debt cannot be requested prior to LIHTC allocation.</b></p> <p><b>***Commitment fee will be charged on the greater amount of the construction lending or the deferred lending.</b></p>		

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<b><i>Administration Fees (These fees are not project-eligible and may not be submitted for reimbursement)</i></b>		
<b>Waiver Request Fee (per each item from DSHA’s Design and Construction / Rehabilitation Standards or Underwriting Guidelines).</b>	<b>\$1,000</b>	Due upon request submission.
<b>Re-design Review Fee (per each re-review of plans and specifications)</b>	<b>\$1,500</b>	Due at submission of revised plans
<b>Incomplete Draws and Change Orders (re-processing fee)</b>	<b>\$500</b>	Due prior to approval of draw or change order
<b>Re-inspection Fee (after initial inspection and rewalk)</b>	<b>\$1,000</b>	Due prior to re-inspection or issuance of approval to occupy
<b>Cost Certification Penalty Fee</b>	<b>\$2,500</b> <b>\$2,500</b>  <b>\$500</b>	Due each from mortgagor and contractor if cost certification is not submitted within time frame required by the Cost Certification and Draw Guide <i>plus</i> Due for each additional week cost certification remains outstanding and as required by the Cost Certification and Draw Guide
<b>Cost Certification Re-Review Fee</b>	<b>\$1,000</b>	Each additional review, as required
<b>Forward Reservation Fee</b>	<b>\$15,000</b>	Due at submission of request

<b>2026 DSHA FEE SCHEDULE – Tax-Exempt Revenue Bonds</b>		
<b>Application Fee</b>	\$1,500	Due with submission
<b>Issuance Security Deposit</b>	40 basis points of total proposed issuance amount	Due upon application approval, refunded if bonds are issued within 100 days of allocation, not financeable through project loans/sources.
<b>Issuance Fee*</b>	35 basis points of issuance amount or \$100,000, whichever is less	Due at bond closing
<b>Monitoring Fee*</b>	5 basis points of issuance amount	Due at bond issuance
<b>Annual Issuer Fee*</b>	12.5 basis points of total bond issue during construction then outstanding bond principal amount after conversion	Due annually, payable in arrears
<b>Additional Costs of Issuance</b>	May include, but are not limited to, fees of bond counsel, underwriter, trustee, financial advisor, and rating fees. Only 2% of the proceeds of the bond issuance may be used to pay these costs.	
* Short-term bond issues (defined as less than 3 years) may have an alternative fee structure. Please see the bond policy for additional information.		

### Criteria for DSHA Funding

All programmatic housing tax credit rules and regulations apply, as do the following Project and Neighborhood Standards:

1. All LIHTC applicants seeking DSHA funding must properly satisfy the requirement of the QAP threshold and all other requirements described in the QAP;
2. DSHA funding programs cannot be used for proposals located in Saturated Distressed areas; DSHA reserves the right to refuse funding for new creation proposals in Distressed areas;
3. The development shall facilitate and further full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964; Title VIII of the Civil Rights Act of 1968; Delaware Code Chapter 46, Title 6, The Equal Right to Housing provisions; and the Violence Against Women Act, each as may be amended from time to time;
4. New Creation (conversion or new construction) units must promote greater choice of housing opportunities and avoid undue concentration of lower-income persons in areas containing a high proportion of low-income persons or high proportion of affordable rental units. Due to the high saturation of affordable units combined with low-homeownership rates and lack of economic and educational opportunities, new creation applications requesting DSHA funding will not be accepted. Note: Preservation applications will continue to be accepted;
5. The site must be free from adverse environmental conditions, natural or manmade, such as instability, flooding, septic tank backups, sewage hazards, mud slides, harmful air pollution, smoke or dust, excessive noise vibration or vehicular traffic, rodent or vermin infestation, and/or fire hazards. The neighborhood must not be one that is detrimental to family life or in which substandard dwellings or other undesirable elements dominate, unless there is activity in progress to remedy the undesirable conditions. Phase I and Phase II environmental audits may be required;
6. The site must be adequate in size, exposure, and contour to accommodate the number and type of units proposed and must conform to all local zoning ordinances/laws;
7. Adequate utilities (water, sewer, gas, and electricity) and streets will be available to the site.
8. The housing must be accessible to social, recreational, educational, commercial, and health facilities and services, as well as other municipal facilities that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents/sale prices;
9. Travel time and cost via public transportation or private automobile from the neighborhood to places of employment providing a range of jobs for the targeted population must not be excessive. (While it is important that elderly housing not be totally isolated from employment opportunities, this requirement need not be adhered to rigidly for such developments.);
10. Developments that require permanent or temporary relocation of current households, homeowners, and/or businesses will be considered only if HUD relocation guidelines are followed;
11. The development may not be in an area that has been identified as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood

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Insurance Act of 1968, unless the development is covered by Flood Disaster Protection of 1973, and meets any relevant HUD standards and local requirements; and

12. For USDA developments, DSHA may approve deferred financing; however, pending availability of cash flow, DSHA may, at its sole discretion, require debt to be recast as Interest Only or Amortizing debt. DSHA may also require that at least 50% of the RTO be used to make debt service payments on DSHA deferred debt.
13. All affordable units in developments with DSHA funding and LIHTC, and excluding any market rate units not financed by any DSHA funding, must meet the following minimum income targeting:
  - 5% of units rented at or below 40% of AMI at the published rent limits for 40% of median income households; and
  - 20% of units rented at or below 50% of AMI at the published rent limits for 50% of median income households; or
  - 40% of units rented at or below 60% of AMI at the published rent limits for 60% of median income households or below; or
  - The average of the imputed income limitations, across the development, cannot exceed 60 percent of the area median gross income. DSHA may require a lower percentage for purposes of underwriting.

### Criteria for Federal Funding

All developments receiving federal funds must comply with the Sites and Neighborhood Standards and with federal environmental review standards, but must also meet additional requirements including, but not limited to:

- Affordability Periods and Income Targeting;
- Subsidy Limits;
- Reporting requirements including Section 3 and Minority/Women/Veteran-Owned Business Outreach Programs inclusive of compliance with Davis-Bacon prevailing wage rates as applicable;
- Affirmative Fair Housing Marketing Plan requirements; and
- Subsidy Layering Review.

### DSHA Underwriting and Additional Policies

All LIHTC Applicants must observe strict adherence to the LIHTC Underwriting Guidelines (see Underwriting Guidelines for additional information) and all processes and procedures stated in the QAP. In addition to the standard LIHTC Underwriting Guidelines, the following conditions apply to any applicant accepting DSHA funding described by this Funding Supplement.

- a. Existing Debt
  - i. For properties with existing DSHA debt, all existing debt will be paid off at construction closing and new DSHA loans will be issued.
  - ii. All debt (new and existing) will count toward the DSHA lending limits. Total DSHA debt cannot exceed stated lending limits.
  - iii. Pro Forma Rent Approvals
    1. Rents should be affordable for the market area and not exceed the LIHTC maximums. When utilizing DSHA funds, rents must be established at 95% of the permissible LIHTC maximum rent, \$50 below the maximum permissible rent, or the maximum amount supported by the market study, whichever is lowest.

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2. Applicants must include their proposed rent structure as part of their DSHA funding request submission. Failure to provide may result in a denial of DSHA funding.
  3. DSHA reserves the right to further adjust the rent structure during underwriting.
- b. Net Equity Contribution Requirements
- i. DSHA requires that a minimum amount of net equity raised be contributed to the development depending on current market conditions. DSHA shall determine and publicize the equity factor to be used in underwriting application during that funding round.
  - ii. DSHA reserves the right to deny DSHA financing where proposed net equity to the development is below current market standards. Net equity is defined as all equity raised for the development less syndication fees imposed by the syndicator and allowances by DSHA.
- c. Gross Equity Contribution Requirements
- i. Any equity contribution made for the benefit of the Development in excess of the net equity contribution and the additional equity contributions to fund the syndicator costs, tax credit monitoring fee, the tax credit allocation fee, replacement reserve, the operating reserve, tax and insurance escrows (the “Gross Equity Contribution”), and other DSHA approved costs before or after the permanent loan closing will be:
    1. Allocated to the payment of DSHA’s loans in the order and priority set forth in the Regulatory Agreement; or
    2. In the event there are insufficient funds to pay for eligible development costs (as determined by DSHA), and there are no other available monies in any of the funds, accounts or reserves related to the development, which have been previously approved for such use by DSHA and all other development-secured lenders and such eligible development costs could otherwise only be paid through the developer’s fee, then at the discretion of DSHA, such excess equity contribution may be used to pay such eligible development costs. Any equity contribution remaining after paying such eligible development costs must then be allocated to the payment of the DSHA loans in the order and priority set forth in the Regulatory Agreement.
  - ii. In the event the equity contributions are less than the Gross Equity Contribution, then such equity shortfall shall solely be the responsibility of the developer. No monies in any of the funds, accounts or reserves related to the development may be used to pay any such shortfall.
  - iii. In the event a payment from the Gross Equity Contribution occurs after the construction loan closing but prior to the conversion date, such payment may only be made to the owner/borrower or affiliate with the prior consent of DSHA. Such consent will be at the sole discretion of DSHA and made only through draw requisition forms and processes as approved by DSHA.
- d. Partnership Agreement
- i. A draft partnership agreement must be submitted to DSHA no later than fifteen (15) working days before construction closing or the closing will be delayed.
- e. Other Rebates, Payments, or Contribution Requirements
- i. Other funds received at any time after construction closing and calculated using costs included in the Total Development Cost shall be allocated to payment of DSHA’s loans in the order and priority set forth in the Regulatory Agreement. Such payments specifically include the Downtown Development Districts Rebate Program.
- f. Construction Closing Requirements
- i. The following is a list of final and completed documents required 30 days prior to construction closing. The documents must be in “settlement ready format” must be submitted to DSHA’s Dover office and/or DSHA counsel by the date established in the approving resolution. Construction closing will not be scheduled until DSHA is satisfied with the completeness and accuracy of all submitted documents.
    1. Approved ALTA Survey, signed and sealed by licensed Surveyor;
    2. Environmental Summary with approved Work Plan;
    3. Owner-Architect AIA Agreement;

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4. Architect/Consultant Agreement;
  5. 100% Architectural Plans and Specifications;
  6. Building Permit;
  7. Architectural Accessibility Board Approval;
  8. DeIDOT Entrance Permit;
  9. DNREC Permit and/or NOI Permit;
  10. NESHAP Permit;
  11. Approved asbestos abatement project design;
  12. Public Utilities, letter for each service;
  13. Zoning Letter;
  14. Flood Plain Designation;
  15. Wetland Delineation;
  16. Sediment Control and Storm Water Management Plan Approval;
  17. Fire Marshal approval for both structure and site.
  18. Copy of the title binder and all listed restrictions and/or easements;
  19. Land survey;
  20. Subdivision plan, if applicable;
  21. Site plan;
  22. Organizational documents of ownership entity; and
  23. Identification of all development team members
- g. Permanent Closing Requirements
- i. The following is, but not limited to, a list of final and completed documents required thirty (30) days prior to permanent closing:
    1. **Construction Documents**
      - a. Construction completed and all COs issued;
      - b. Construction cost certification completed and approved;
      - c. Construction Closeout Manual (can be submitted on a USB drive) with the following documentation:
        - Copy of all Permits;
        - Copies of all TCOs and COs;
        - Certification of Substantial Completion (G704);
        - Final As-Builts;
        - Subcontractor contact list;
        - All warranty letters/information;
        - Copies of all O&M Manuals;
        - Environmental Clearances (asbestos, lead, radon, etc.);
        - Erosion and Sediment Control Approvals;
      - d. Fire Marshal Approval;
      - e. Final releases of Liens for all subcontractors, materialmen, and the General Contractor;
      - f. Final MBE/WBE/VBE, Section 3, and Employing Delawareans reporting (as applicable); and
      - g. Updated Attestation Statements from all subcontractors reflective of final contract amounts.
    2. **Mortgagor Documents**
      - a. Mortgagor cost certification completed and approved;
      - b. Updated ALTA for review and approval;
      - c. Copy of current Operating Budget;
      - d. Copy of current Rent Roll;
      - e. Evidence of property registration on [www.destatehousingsearch.org](http://www.destatehousingsearch.org);
      - f. All tenant data uploaded to MITAS;
      - g. Copies of all final invoices (must be submitted 2 weeks prior to closing);

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- h. Compliance with the DSHA Loan Agreement and DSHA Building Loan Agreement (most requirements are outlined here);
- i. At least three (3) months of debt service coverage available in the operating account. Note DSHA will also be collecting the first month of escrow payments (taxes, insurance, RR) as part of closing;
- j. Compliance with all Operating Agreement/Equity Contribution requirements;
- k. Confirmation from equity provider of their readiness to fund and the total amount of equity;
- l. Additional 4% LIHTC Requirements:
  - i. Compliance with the bond indenture;
  - ii. All bond tax opinions must be issued;
  - iii. Review and approval of the 50% test;
  - iv. A final good cost/bad cost analysis (95-5 Test), with final tax allocations, must be completed; and
  - v. At least two (2) months of DSC to be escrowed with the trustee.
- m. Regulatory Requirements
  - i. LIHTC applicants must agree to retain the development as rental housing for the longer of at least thirty (30) years after permanent closing, the extended use period as elected at application, or the duration of the loan(s).
  - ii. LIHTC applicants will agree to all DSHA monitoring and compliance requirements, including, but not limited to, rent increase approvals, tenant income targeting, reporting requirements (including financial and tenant data), physical inspections, reserve policies, and all other policies, requirements, and processes of DSHA.

### Loan Approval and Council on Housing (COH) Process

DSHA will review and evaluate all completed applications for conformity to DSHA's LIHTC QAP for threshold and underwriting guidelines. Applications that **meet** threshold will be scored and reviewed by DSHA's Ranking Committee. ***Applications that do not meet minimum threshold requirements will not be scored.***

The following items will be taken into consideration when determining the merits of funding requests:

- Organization's past performance;
- Community comments, if any;
- Demonstrated need for development;
- Suitability of development location;
- Cost efficiency of the development;
- Amount of loan per unit serving very low/low/moderate-income persons;
- Length of payback period;
- Position of the loan and how it is secured/length of repayment;
- Source of permanent financing (if appropriate);
- Percentage of total development cost funded by DSHA;
- Cash and noncash equity participation of developer;
- Evidence that alternate sources of financing have been utilized/exhausted;
- Evidence that housing will be provided in neighborhoods where there is little very low/low/moderate-income housing available;
- Extent to which the funding request will assist in revitalization of deteriorating neighborhood; and
- Extent to which any current DSHA loans of the LIHTC applicant are in good standing.

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It will be the responsibility of the applicant to clearly address the above stated criteria in order to be considered for a loan. Developments that fail to adequately address these items will not be considered for funding.

After the LIHTC awards are announced, DSHA will hold a kick-off meeting to discuss deadlines and requirements for LIHTC carryover agreements and DSHA funding.

DSHA will review and complete final underwriting on all awarded LIHTC applications seeking DSHA funding in order to present fully to the Council on Housing (“COH”). The application is designed to be sufficiently comprehensive and precise to address all information necessary for a responsible funding decision. However, DSHA and the COH reserve the right to ask for additional information during the review process should it be deemed necessary.

All awarded LIHTC applicants requesting DSHA funding will be presented to the COH Loan Review Committee for recommendation of consideration. The COH Loan Review Committee will then present their recommendations to the full COH for recommendation to approve or disapprove the financing request. Applicants are encouraged to attend the COH meetings when their applications are brought before the Council.

DSHA’s Director will take the COH’s recommendation under advisement and approve or disapprove the loan request. If approved, a funding Resolution will be executed by all parties.

Assuming funding is approved, DSHA will provide the necessary loan documents to the funding recipient within sixty to ninety (60 – 90) days, depending upon the complexity of the financial structure of the funding. Once funding is approved and construction closing has occurred, applicant may draw DSHA funds for construction purposes utilizing the process outlined in DSHA’s Cost Certification and Draw Guide.

All questions regarding these funding sources or the application process should be directed to the Housing Development Section, by phone at (302) 739-4263, by mail to the Delaware State Housing Authority, 18 The Green, Dover, Delaware 19901, or by email to [Tara.Rogers@delaware.gov](mailto:Tara.Rogers@delaware.gov).

## **Delaware State Housing Authority Low Income Housing Tax Credit Design and Construction / Rehabilitation Standards**

The Delaware State Housing Authority (DSHA) developed the Design and Construction / Rehabilitation Standards to enhance consistency in the design approval process, promote the use of durable materials to reduce long-term maintenance costs, create a healthy living environment for residents, enhance energy efficiency and climate resiliency, reduce operating costs and provide utility savings for residents, and balance quality materials with costs for developments utilizing the LIHTC program and/or developments financed by DSHA.

All drawings, plans and specifications, and scopes of work must comply with the latest building codes as adopted by the local county and/or municipality, applicable Delaware and National codes, DSHA's Design and Construction/Rehabilitation Standards, and/or the rules, ordinances, and laws of all legal entities and authorities with jurisdiction over the development and the construction and/or alteration of the development whether or not such requirements are specifically addressed in the plans and specifications or by DSHA's review. Installation of materials, equipment, products, and building systems are to be per the manufacturer's requirements, specifications, and recommendations. Items that have exceeded their life expectancy must be replaced (see the Capital Needs Assessment Policy for additional details).

DSHA specifically relies on the representations contained in the documents provided by the Developer, Borrower, and their respective professionals, including, but not limited to, their architects, contractors, engineers, surveyors, and attorneys (collectively "Developer").

### **Standards, Codes, and Regulations**

The following standards, codes, and regulations, along with all amendments, shall provide the technical requirements of the development's design and construction. The architectural team shall review all state and federal design requirements and/or building codes for their proposed development to determine which standard(s) shall apply to their project.

**NOTE:** Some statutory and regulatory provisions overlap others. Where there is a conflict, the most stringent provision applies, including any state or local laws, regulations, and/or codes which may be more stringent than federal requirements.

#### **A. Local Building Codes**

DSHA requires that all permits specify which code they have been approved under. Please confirm the applicable code with the jurisdiction of authority over the project. DSHA requires the permitting process to specify which code the plans and/or specifications were approved under.

#### **B. Americans with Disabilities Act of 1990 – 28 CFR 35 for Title II, The Fair Housing Act – 24 CFR Part 100**

The Americans with Disabilities Act (ADA) was passed in July 1990 and became effective on July 26, 1992. Per ADA legislation, all developments are required by law to meet the handicap-accessibility standards as outlined in the Act. Failure to design and construct certain public accommodations to include features of accessible design will be regarded as unlawful discrimination. Title III deals with non-discrimination on the basis of disability by public accommodations and in commercial facilities. Public accommodations include all new construction effective January 26, 1993 and impact any rental office, model unit, public bathroom, building entrances, or any other public or common-use area. Existing public accommodations must be retrofitted or altered beginning

January 26, 1992, unless a financial or administrative burden exists. The ADA guidelines do not impact residential units since these are covered under Fair Housing and Section 504 laws.

Please refer to the following links for additional details:

<http://www.ADA.gov> and <http://www.usdoj.gov/crt/housing/titl8.htm>

**C. Architectural Accessibility Act (AAA)**

Per Delaware Code, Chapter 73, Title 29: All construction shall enable handicapped members of society to make use of public facilities with maximum safety and independence by providing for the implementation of standards or the elimination of architectural barriers.

**D. Architectural Accessibility Board (AAB)**

Per Delaware Code, Chapter 73, Title 29, §7306:

*The Architectural Accessibility Board (Board) shall have the following duties and responsibilities: Promulgate rules and regulations which shall contain standards for the design and construction of facilities covered by this chapter to ensure such facilities covered by this chapter are safely accessible to and usable by handicapped persons. Such standards shall be adopted by a majority vote of the Board following public hearings and shall take into account the requirements and standards recommended by the American National Standards Institute (ANSI), the Building Code Officials and Code Administrators (BOCA), and any amendments thereto, and standards and requirements set out in applicable guidelines of the federal government; provided, that until such time as the regulations containing standards as required by this paragraph are formally adopted by the Board, the standards contained in subsections (1) through (n) of subchapter 6917 {repealed} of this title shall remain in force and effect and shall be applied by the Board.*

**E. Architectural Accessibility Standards**

The purpose of the document is to implement Delaware Code, Chapter 73, Title 29, §7306 (a)(1) and (a)(2) of the Architectural Accessibility Act (Act), which requires the Architectural Accessibility Board to promulgate rules and regulations which shall contain standards for the design and construction of facilities covered by the Act to ensure that such facilities are safely accessible to and usable by handicapped persons.

All projects are required by law to meet the handicap-accessibility standards as outlined in the Delaware State Accessibility Standards. The design and construction guidelines are enforced by state and/or local building code officials. All LIHTC developments and/or developments financed by DSHA must be approved by the AAB prior to construction closing. Compliance with these guidelines is mandatory in order to receive a Certificate of Occupancy for the proposed development.

**F. Architectural Barriers Act (ABA) of 1968 – 24 CFT 40, Major Provisions**

The Architectural Barriers Act (ABA) provides that residential structures that are (1) constructed or altered by or on behalf of the United States; (2) leased in whole or in part by the United States after August 12, 1968, if constructed or altered in accordance with plans or specifications of the United States; or (3) financed in whole or in part by a grant or loan made by the United States after August 12, 1968 shall be constructed to ensure that persons with physical disabilities have access to and use of these structures. Buildings constructed with Federal funds are subject to the ABA (See also Accessibility Standards for Design, Construction, and Alterations of Publicly-Owned Residential Structures (24 CFR Subchapter 40.4)). All residential structures designed, constructed, or altered that are covered by the ABA must comply with the accessibility requirements of the Uniform Federal Accessibility Standards (UFAS). Please note: Because UFAS does not fully address accessibility of units for persons with impaired hearing, for the 2% units that are required to be accessible for persons with hearing impairments, it is recommended that PHAs follow the 2003 edition of ICC/ANSI A117.1 Standard for Accessible and Usable Buildings and Facilities.

**G. Fair Housing Amendments Act**

All developments are required by law to meet the handicap-accessibility standards outlined in the Fair Housing Laws, including the Federal Fair Housing Amendments Act of 1988. The law provides that failure to design and construct certain residential dwelling units to include certain features of accessible design will be regarded as unlawful discrimination.

**H. Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disability Act of 1990 (ADA), Section 504/24 CFR 8, Major Provisions**

Section 504 of the Rehabilitation Act of 1973 states:

*No otherwise qualified individual with a disability in the United States shall solely by reason of her or his disability be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program, service or activity receiving federal financial assistance or under any program or activity conducted by any Executive agency or by the United States Postal Service (29 U.S.C. 794).*

This prohibits discrimination on the basis of disability in any program or activity that receives financial assistance from any federal agency including the U.S. Department of Housing and Urban Development (HUD), as well as in programs conducted by federal agencies including HUD.

**I. Uniform Federal Accessibility Standards (UFAS)**

This document sets standards for facility accessibility by physically-handicapped persons for federal and federally-funded facilities. These standards are to be applied during the design, construction, and alteration of buildings and facilities to the extent required by the Architectural Barriers Act of 1968, as amended.

The State of Delaware has not elected to adopt UFAS as the State's standard. It has elected to utilize the ICC/ANSI A117.1-2009 as adopted. Refer to the following link: <https://www.access-board.gov/guidelines-and-standards/buildings-and-sites/about-the-aba-standards/ufas>

**J. Universal Design**

Universal Design is a design concept that encourages the construction or rehabilitation of housing and elements of the living environment in a manner that makes them usable by all people, regardless of ability, without the need for adaptation or specialized design. The intent of Universal Design is to simplify life for everyone by making products and the building environment more usable to as many people as possible at little or no extra cost. Universal Design should strive for social integration and avoidance of discrimination, stigma, and dependence. By designing housing that is accessible to all, there will be an increase in the availability of affordable housing for all, regardless of age or ability. Refer to the following link:

[http://www.ncsu.edu/www/ncsu/design/sod5/cud/about\\_ud/udprinciples.htm](http://www.ncsu.edu/www/ncsu/design/sod5/cud/about_ud/udprinciples.htm)

**NOTE:** Universal Design concepts do not typically reach all the requirements of accessibility laws like Section 504 and the Fair Housing Act. Care must be taken to ensure that the requirements of all applicable laws are met in projects promoting Universal Design.

**K. Visitability Concept**

Visitability is a design concept that enhances the ability of persons with disabilities to interact with their neighbors, friends, and associates in the community for very little or no additional cost to the development. It is recommended that all design, construction, and alterations incorporate the concept of Visitability whenever practical and economical, in addition to the requirements under Section 504, the Architectural Barriers Act, Title II of the Americans with Disabilities Act, and the Fair Housing Act. Refer to the following link <https://www.huduser.gov/portal/publications/pubasst/strategies.html>

**General Standards**

All LIHTC developments, tax-exempt bond-financed developments, or developments utilizing DSHA-deferred financing and/or DSHA amortized permanent financing must adhere to DSHA’s Design and Construction/Rehabilitation Standards regardless of other financing source(s) utilized. All units in a development must receive the same upgrades, modifications, and/or rehab work and be brought up to the same standards. DSHA's agreement to proceed with closing on a loan or other transaction shall not constitute in any manner whatsoever a final approval of the construction/rehabilitation of a development. In cases of conflicts between any design and/or contract documents, the more restrictive or expensive requirements will apply.

For 4% tax-exempt bond resyndications, DSHA will allow consideration for any rehabilitation work or upgrades that have been completed in the last three years. Applicants must submit an accounting of all work including scope of work, material specifications, location of installation, and date of installation as part of the pre-application inspection request. DSHA will review for condition of work and compliance with minimum construction standards to determine if this work can be excluded from the application scope of work. Under no circumstances will painting or electrical fixtures (inclusive of outlets) be considered for exclusion from the scope of work.

**A. Minimum Square Footage for Bedroom Sizes**

DSHA has established minimum gross square footage requirements for new construction and conversion developments, including the conversion of non-residential space to residential use, based on bedroom size. **The square footage of units may not be averaged to meet minimum square footage requirements.**

Units (by Bedrooms)	Minimum Gross Square Footage <sup>1</sup>
Efficiencies, including Lofts*	500 square feet
Single Room Occupancies (SRO)*	100 square feet
One Bedroom	700 square feet
Two Bedrooms	850 square feet
Three Bedrooms	1,050 square feet
Four Bedrooms	1,300 square feet
* See note for City of Wilmington projects below	

To qualify as a bedroom, the space must have adequate light, ventilation, and egress to meet all applicable building codes and ordinances. There must be at least one window in each sleeping room, at least two electrical outlets in proper operating condition, one door that meets all egress requirements, and/or meets minimum requirements of the applicable building code. Square footage for bedrooms shall be determined by all applicable building codes and ordinances.

<sup>1</sup> The minimum gross square footage is measured from the face of the exterior sheathing to the center line of the party wall (exclusive of storage and common areas). Storage and common areas are defined as areas contiguous to units, but not part of the units' living area, such as attached storage sheds, storage rooms, stairs and halls in common areas.

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**NOTE:** For City of Wilmington applications, DSHA will follow the City of Wilmington definition of SRO / Efficiency as adopted in the Code of Ordinances. An efficiency living unit shall conform to the requirements as follows:

1. Every dwelling unit shall contain at least 150 square feet of floor space for the first occupant thereof, regardless of age, the floor space to be calculated on the basis of total habitable room area, exclusive of stairways;
2. In every dwelling unit of two or more rooms, every room occupied for sleeping purposes by one occupant shall contain at least 70 square feet of floor space, and every room occupied for sleeping purposes by more than one occupant shall contain at least 50 square feet of floor space for each occupant thereof;
3. The unit shall be provided with a separate closet;
4. The unit shall be provided with a kitchen sink, cooking appliance, and refrigeration facilities, each having a clear working space of not less than 30 inches (762 mm) in front. Light and ventilation conforming to this code shall be provided; and
5. The unit shall be provided with a separate bathroom containing a water closet, lavatory and bathtub or shower.

### **B. Energy**

A residential guide/manual shall be provided to residents that explains the intent, benefits, use, and maintenance of their unit features and practices. All Energy Conservation Measures (i.e. Enterprise Green Communities, National Green Building Standards, and/or LEED for Homes Multifamily) that were chosen at application must also be met, including energy audit consultation.

### **C. Environmental Site Assessment**

If the Phase I Environmental Site Assessment indicates environmental issues are present, the property shall submit a clear, detailed remediation plan prior to construction closing. Environmental issues include, but are not necessarily limited to, lead, asbestos, radon, and/or contaminated soils. The detailed remediation plan shall include a quantification of hazardous materials and or conditions, remedial procedures to be undertaken, estimated cost of remedial work and source of funding, identification of the firm(s) which will perform the work, and a schedule for completion of the work. All costs associated with the clean-up shall be fully detailed and estimated by a qualified environmental firm and will be submitted to all parties for review. In addition, where there are any environmental remediation costs identified in the Environmental Site Assessment, Environmental Audit, Capital Needs Assessment, or other application document and such costs were not included in the projected environmental cost line items, any additional costs to remediate the environmental items shall be paid from the developer fee and will not be allowed from contingency. All remediation plans shall be completed by a Certified Asbestos Professional Service provider as listed at the following site: <https://data.delaware.gov/Licenses-and-Certifications/Certified-Asbestos-Vendors/f677-ahd9/data>.

### **D. Architect Certification Standards and Requirements**

1. The Architect, Engineer(s), Surveyor and any other consultants to the Architect must be registered in Delaware and maintain registration in Delaware until project conversion. All consultants (**no exceptions**) must have a contractual relationship to the Architect through an AIA consultant agreement.
2. All documents/specifications shall be prepared by, or under the direction of, an architect registered in the State of Delaware, stamped with the design professional's registration seal, and accompanied by a statement signed by the professional certifying compliance with DSHA's Design and Construction/Rehabilitation Standards.
3. Rehabilitation of existing units must follow the same standards as new construction.

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4. DSHA requires that a comprehensive Capital Needs Assessment (CNA) be submitted with the application if rehabilitation work is to be performed. See DSHA's Capital Needs Assessment Policy for additional information.
5. The "Plans/Specifications Review Checklist" for each county or municipality should be used as a guide for governmental submissions and/or approvals required prior to DSHA loan approval.
6. Designs that do not meet code requirements will not be considered cause for a change order.
7. All projects are required to provide as-built drawings and specifications (collectively "As-Builts") at the end of the project. The As-Builts are to be provided on CD in a .dwg format.
8. All projects are required to provide a final updated ALTA survey reflecting all changes and additions to the development site upon completion of the project, prior to permanent closing.

### E. Waiver Requests

Waiver requests from the Design and Construction/Rehabilitation Standards may be considered. Please see the QAP under "Application Process" for additional information.

### F. General Contractor Requirements

All General Contractors must be approved by DSHA. To be approved by DSHA, a General Contractor must complete the DSHA Contractor's Certification and Questionnaire process, provide requested information on all the required attachments, and be approved by DSHA thirty (30) days prior to invitation to bid or DSHA's application deadline (whichever is earlier). General Contractors must submit all required information to DSHA for approval on an annual basis.

To be an eligible member of the Development Team, the General Contractor must be listed on the LIHTC Approved General Contractor List as posted on the DSHA website of the current LIHTC application year. The LIHTC Approved General Contractor List and General Contractor's Certification Process is located at the following link: <https://www.destatehousing.com/build/lihtc/>

**NOTE:** All members of the Development Team, including the General Contractor must comply with DSHA's Draw Requisition and Cost Certification Guide (the Guide). The guide can be found at the following link: <https://www.destatehousing.com/build/lihtc/>.

### G. Bidding Protocol/Requirements

1. The Developer/Owner of the development may determine the General Contractor ("GC") at application and shall disclose the GC as part of the Development Team or the Developer/Owner may opt to competitively bid the work after application and award. Regardless, the GC will be subject to the following requirements:
  - a. A maximum of 10% General Requirements of construction hard costs for new construction and rehabilitation projects, including all change orders.
  - b. A maximum of 7% Overhead and Profit of construction hard costs for new construction and rehabilitation projects, including all change orders.
  - c. There will be no increase to the Overhead and Profit or General Requirements other than what is approved by change orders during the course of the project. There will be no change orders approved solely to increase Overhead and Profit or General Requirements. At project completion, the Overhead and Profit and General Requirements percentages may not exceed the percentages submitted at application or approved at construction closing (whichever is less) but may be less than the approved percentages.
  - d. DSHA shall review and approve plans and specifications for construction work prior to release for bidding.
  - e. If the Developer, Development Team, and/or Applicant have related party and/or Identity of Interest ("IOI") subcontractor firms, they may not bid on the construction work or perform work on the development unless such arrangement has been reviewed and approved by

- DSHA at its sole discretion. The GC may be required to obtain three (3) competitive bids for the IOI work and cannot charge any more than the lowest bid.
- f. If the GC directly employs a trade, the GC may self-perform the work (i.e. if the GC directly employs a licensed plumber, the GC may self-perform plumbing trades on the job). The GC may also self-perform other non-licensed trade line items; however, the GC may be required to obtain three (3) competitive bids and cannot charge any more than the lowest bid.
  - g. The GC must provide fully executed subcontractor contracts/agreements for **all** subcontractors (including IOI subcontractors) to DSHA before any work is commenced and prior to any payments being made to the subcontractor.
  - h. The Developer/Owner may not pre-bid certain aspects of the work and require the GC to use those subcontractors, unless reviewed and approved by DSHA at its sole discretion.
2. If the GC is not part of the Development Team at application, they must be chosen through a competitive bid process after an award of credits or approval of DSHA financing, and the following *additional* conditions will apply:
    - a. Developer/Owners shall invite all firms on DSHA's LIHTC Approved General Contractor List to bid and obtain a minimum of three (3) bids from the approved list of General Contractors;
    - b. No additional bidder requirements may be added without written approval from DSHA, which may be withheld at its sole discretion (examples include, but are not limited to, additional payment and performance bond requirements, letter of credit for contractors, unrealistic timing demands, construction schedule, liquidated damage requirements, etc.). DSHA shall review and provide written approval of bid documents prior to release for bidding; and
    - c. The bids shall be sent to the architect of record in a sealed envelope, clearly marked with the project name and date stamped. Faxed or e-mailed bids shall not be accepted. The bids shall be privately opened, tallied, and the results forwarded to DSHA and Developer.
  3. In the event a GC is selected at application as part of the Development Team and the Owner/Developer wishes to replace the GC after application, the new GC must be selected through the competitive bid process as outlined above.

**NOTE:** For any funding sources that require bidding of the construction costs (i.e. USDA, HUD), the bidding requirements of those funding source(s) will control. All fee changes are effective as of adoption of the QAP.

## Design and Construction Standards

### A. Community Building/Office/Maintenance Space

All common spaces must adhere to the following requirements:

- i. All common areas must comply with ADA requirements for ingress and egress. Electronic door openers must be installed for all public access points, including internal and external doors. Automatic openers are required for ADA compliance in community center and/or other public spaces and should be installed on *all* public access doors along designated accessible routes.
- ii. **Office/Maintenance space:** All developments consisting of twenty (20) residential dwelling units or more (exception: phased properties – see below requirements) must comply with the following:
  1. Have a site office of at least 200 square feet (exclusive of handicap toilet facility) and a maintenance room of at least 100 square feet;
  2. No portable storage buildings are allowed for office or maintenance areas; these spaces must be incorporated into the building design; and
  3. All maintenance areas must provide a mop sink. FRP board shall be provided on all adjacent wet walls at mop sink.

- iii. **On-Site Community Buildings/Space:** All developments with community buildings/community space must meet the following minimum requirements:
  - 1. For projects receiving points for adding a new on-site community building or community space, the community building should contain at least 15 net square feet per unit with a minimum of 750 square feet in size. The square footage should be in addition to the kitchen or kitchenette, if provided. All community buildings/community space should be fully accessible including the office, bathrooms and other community areas of the building; and
  - 2. For rehabilitation of existing community buildings or community space, all community spaces should be fully accessible including the office, bathrooms, and other community areas of the building.
- iv. **Phased Projects:** Phased projects are required to provide office or maintenance space and/or community space unless a request to omit this requirement is submitted as part of the application and the request verifies the following conditions:
  - 1. Community buildings for applicable contiguous phases meet office/maintenance capacity requirements for **total units of all phases** utilizing the space;
  - 2. Written approval from proposed syndicator/investor(s) and lenders that they agree to a shared-existing community/office/maintenance area structure. If different syndicators are selected for the different phases, all syndicators and lenders must provide written approval;
  - 3. The same management company will manage all phases for consistency purposes during the compliance period except at the discretion of the investor member and DSHA. If a substitution of the management agent occurs, it will apply to all phases utilizing the community space(s);
  - 4. Community buildings/space that are shared among phased projects will only be considered an amenity for the phase on which it was originally built. Existing community buildings and/or community space are not eligible for points, except if the space is adapted into a resiliency hub, even if the community buildings and/or community space was part of the rehabilitation of the new LIHTC application; and
  - 5. Must agree to provide all necessary easement documentation and state all responsibilities, costs, uses, etc. that will be shared among the phases.

**B. Trade and/or Line Item Specific Design Requirements**

**1. Site Work (includes Site Work Utilities and Site Improvements)**

- a. Finished floor elevations of buildings are to be minimum of 8 inches or higher than the adjoining finished grade. When achieving an 8-inch height separation is not feasible, due to accessibility requirements or other conditions, provide an alternate solution acceptable to DSHA. Design must be code compliant.
- b. All projects with below-grade habitable space (units, common space, laundry rooms) will require an assessment to determine possible water infiltration/moisture problems, which could directly affect the overall total development budget.
- c. All existing utility connections shall be verified prior to application. New connections must be included in the base bid to make all utilities functional (outside 5' of perimeter of building).
- d. All existing electric transformers shall be surveyed prior to application to determine if upgrade or replacement will be required for proposed project.
- e. Contractor to verify if site has curb stops, water meters, and/or meter pits required by applicable municipalities. Existing curb stops shall be examined for viability. Inspection date of maintenance shall be provided.

- f. Storm water management ponds shall be designed to state standards. If an existing storm water management pond(s) is present and is to remain, it must be inspected by the conservation district for viability prior to construction closing. If a storm water management pond is designed to be wet, it shall have a perimeter fence for safety of tenants. Minimum fence material shall be post and rail with quality coated wire fence material on interior of rails (minimum height of 48" above finished grade). Make every effort to match new pond fencing with project fencing. Stormwater management designs should consider projected increases in annual rainfall and storm events related to climate change. (see: <https://dnrec.alpha.delaware.gov/climate-coastal-energy/climate-change/>)
- g. All sites shall provide permanent enclosures for garbage dumpsters or trash receptacles consistent with the appearance of the dwelling units. Refuse collection areas must be on an accessible route and not in locations likely to flood during heavy rain events. Enclosures must prevent dumpsters from being displaced in flooding where site conditions allow. Install concrete filled bollards to protect walls of enclosure.
- h. All grades to slope away from buildings at a minimum of 2% for 10 feet. If slope requirements cannot be achieved due to site limitations, alternative strategies to direct surface water away from buildings may be implemented with DSHA approval.

## 2. *Landscaping*

- a. Minimum landscaping budgets of \$500 per residential dwelling unit are required for new construction. This allowance is for installation of mulch beds, drought resistance plantings and new trees only. Maintenance and watering of all landscaping features shall also be included in the landscaping budget. It may not be used for fine grading, seeding and/or straw and sod. Allowance may not be used for tree removal or trimming. This is for curb appeal and beautification of the property. Rehabilitation and adaptive reuse may be exempt from this requirement at DSHA's sole discretion. Please contact DSHA for a determination at least thirty (30) days prior to application.
- b. All landscaped areas shall have warrantied weed barriers (fabric only) installed under mulch and maintain 12" buffer between vinyl siding and grass areas around the perimeter of the structure, unless siding is at least 8" above finished grade.
- c. If irrigation system is not provided, hose bibs shall be provided on each front and rear of building with lockable boxes. Depending on building size, additional hose bibs may be required for ease of maintenance for landscape areas.
- d. All condenser unit pads shall be landscaped to avoid mowing and trimming around unit. This is required for new construction, rehabilitation, and adaptive reuse.
- e. Concrete splash blocks shall be provided for all downspout locations. (See also, Metal/Gutters/Downspouts.) This is required for new construction, rehabilitation, and adaptive reuse.
- f. All landscaping requires a 2-year warranty.
- g. When possible, incorporate Low Impact Design (LID) into new or renovated sites. LID can address potential flood mitigation and cost savings opportunities. LID techniques, such as implementation of bioswales or rain gardens (for stormwater management) also have co-benefits including area beautification and localized temperature moderation. LID strategies

may be eligible for additional funding:

[http://www.dnrec.delaware.gov/GI/Documents/Green%20Infrastructure/Green\\_Infra\\_Primer\\_2016\\_FINAL%20web%20version.pdf](http://www.dnrec.delaware.gov/GI/Documents/Green%20Infrastructure/Green_Infra_Primer_2016_FINAL%20web%20version.pdf) (funding opportunities on page 42)

**3. Roads/Parking**

- a. Large parking lots shall include planting areas. At a minimum, all existing parking areas shall be seal coated and striped. A capital needs assessment and/or civil engineer shall assess the overall condition of existing roads and parking areas, including core samplings to determine substrate and viability. If any grading or other issues are present, the work in failing areas must be included in the project.
- b. If parking area does not have a curbed sidewalk area adjacent to parking, parking bumpers doveled into pavement shall be provided to maintain safe distance between parking area and trees or lawns.
- c. All paving requires a 2-year warranty.
- d. All pavement should be graded away from buildings and in accordance with a site-wide stormwater management plan, to direct stormwater to storm drains, culverts, or bioswales.
- e. All roads and parking must comply with ADA requirements including, but not limited to, ingress and egress requirements and handicap parking requirements.
- f. All new roads and parking areas must comply with the minimum requirements of the applicable municipality.

**4. Building Environmental Remediation**

- a. Radon testing is required on all units prior to occupancy and must comply with acceptable level requirements for occupancy (no greater than 4pCi/L).
- b. All lead and asbestos remediation work require clearance documentation prior to DSHA inspection for occupancy.
- c. Freon recovery reports must be provided for all rehabilitation projects where the HVAC system is being replaced (See also HVAC).

**5. Exterior Sheathing/Siding/Masonry**

- a. All exterior building surfaces shall be designed to be maintenance-free.
- b. Thermo ply exterior sheathing will not be allowed.
- c. All exterior surfaces shall have house wrap installed as per manufacturer's instructions.
- d. Vinyl siding must be premium grade.
- e. Vinyl siding must have composite trim installed when within 6" of finished grade.
- f. Medium density overlay board is not allowed for any development.
- g. All existing mortar joints shall be inspected for cracking and general deterioration. Where such conditions are noted, joints shall be repointed as part of the work.

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- h. Code compliant mold-resistant drywall shall be used for all exterior applications. (See also, Drywall.)
- i. Fiber cement board siding must be installed per manufacturer's instructions. This siding is suggested, but not required, for use in coastal areas.

### 6. *Finished Carpentry*

- a. Existing base molding shall be removed and replaced with taller dimension profile composite trim.
- b. Base trim at edge of tub shall be composite, rot-proof material. If gap is present, quarter-round rot-proof molding to be installed. (See also, Kitchen and Bath.)

### 7. *Kitchen and Bathroom*

- a. Cabinets (including doors, fronts, shelves, and boxes) shall be solid wood construction with concealed door hinges. No high-density laminates will be allowed. NOTE: This standard applies to all cabinets throughout the property, not just unit kitchens and bathrooms.
- b. Provide, at a minimum, one drawer base for each kitchen layout. Shelves shall be solid plywood at a minimum of ½" thickness. Base cabinet drawers shall not be sized larger than 36" in width.
- c. Hardware shall be provided for all cabinet drawers and doors. No bright brass finishes.
- d. Concealed blocking must be provided for all items such as tissue paper holders, grab bars, shower rods, and medicine cabinets, and as necessary to provide fully-accessible and adaptable units for both kitchen and bathrooms.
- e. Provide plastic laminate or other DSHA approved water resistant backsplash material on wall between wall and base cabinet for all areas adjacent to base and wall cabinets.
- f. Back splashguard shall be wall mounted behind range. If range is located in corner, install additional splashguard on adjacent wall.
- g. Kitchen countertop shall be provided with end splash for adjacent or end walls. Laminate countertops must be Euro-edge or full bullnose; self-edge countertops are not permitted. Solid surface countertops may have a half-bullnose or square profile.
- h. Bathroom vanities must have cultured marble tops with slide splashes when adjacent to wall. Laminated tops with drop in bowl type fixtures are not permitted.
- i. One-inch minimum diameter grab bars properly mounted to in-wall blocking shall be used in lieu of standard towel bar.
- j. Tub requirements
  - i. One-piece bathtub unit may be selected. If selected, model must include built-in blocking for future installation of grab bars.
  - ii. If a tub and separate surround are selected, the following requirements must be utilized:
    - A. Rigid fiberglass surrounds and/or ceramic tile will be used in conjunction with tub. No plastic surrounds will be allowed;
    - B. Blocking for future installation of grab bars must be installed; and

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- C. Selected tub surround must protect splash zone (at least 4” outside of tub) all the way to the floor.
  - iii. Tub liners are acceptable with full height wall surrounds.
- k. Base trim at edge of tub shall be composite, rot-proof material. If gap is present, quarter-round rot-proof molding to be installed. (See also, Finished Carpentry.)
- l. Exhaust fans for all bathrooms shall be low speed/low noise continuous exhaust fan (hard wired) or single switch exhaust fan light combination that meets all applicable building codes and approved by DSHA and the architect. Sone rating < 1.0. Per the ENERGY STAR program National Rater Field Checklist, a dwelling unit exhaust fan could be a continuous exhaust fan or an intermittent exhaust fan. The fan ventilation minimum performance requirements should follow ASHRAE Standard 62.
- m. Shower rod to be surface mounted, no tension rods allowed. Concealed blocking must be installed.
- n. Accessible showers shall be provided with the following requirements:
  - i. Bench type seat for the shower stall. Removable or built-in options are permitted, but built-in options should include fold down legs for additional support;
  - ii. Shower controls and a handheld shower head with slide bar within reach of the seat; and
  - iii. Compressible dam at the shower entrance threshold.  
Weight requirements shall be per manufacturer's recommendations.
- o. Floor drains must be provided when accessible shower stalls are utilized.
- p. Ceramic tile be installed in accordance with ANDI A137.1 specification for ceramic tile. Installation shall comply with TCA’s “Handbook for Ceramic Tile Installation” (2010 version), as amended and comply with portions of ANSI A108 Series “Specification for Installation of Ceramic Tile.” Underlayment shall be properly waterproofed per manufacturer specifications/recommendations prior to installation of tile.

### 8. *Insulation*

- a. Insulation shall meet all applicable codes for new construction and rehabilitation. Exceeding code standards is permissible if costs are reasonable.

### 9. *Roofing*

- a. Roofing materials that exceed 50% of the life expectancy shall be removed and/or replaced. Substrate shall be inspected and replaced as necessary (no second layers allowed).
- b. Asphalt shingles shall have a minimum warranty of 30 years and meet applicable wind building codes.
- c. All roofs shall have 3-inch “T” edging around the perimeter, no smaller than two-foot sections, especially at corner intersections.
- d. Light colors for asphalt roofing, flat, or low-slope roofs are encouraged to assist with building temperature regulation.

### 10. *Metals/Gutters/Downspouts*

- a. Concrete splash blocks shall be provided for all downspout locations.

**11. Doors and Frames**

- a. Must provide a minimum of 30” overhang at front door and 12” along every other exterior door. Exterior doors must be Energy Star rated for zone 4 and wind rated for 90 mph. Exterior doors shall be insulated core.
- b. Interior doors shall be Masonite or better. Tops and bottoms of all interior and exterior doors must be painted.
- c. Doorstops must be wall-mounted rubber disk type, floor-mounted half-moon type, or door saver hinge pin style. All doorstop finishes must match door hardware. Blocking is required behind all wall mounted door stops.
- d. All closets must have a hinged door; bi-fold or bi-pass closet doors are prohibited. If code requires metal bi-fold door application, doors must be installed in wood frame with wood trim.
- e. Hardware shall be brushed aluminum or better, no bright brass. Grade two (2) or better, including hinges and door bumpers. All exterior hinge hardware shall be of non-rusting, quality materials.
- f. Frame savers shall be used on all exterior applications. Exceeding code required "U" value standards is permissible if costs are reasonable.
- g. Entry door shall have a doorbell or knocker and peep hole (eye viewer), no polished brass. Peep/viewer to be provided for solid rear door. ADA-compliant doors shall have two viewers at required heights.
- h. Patio and/or French doors with integral blinds built in between glazing to provide privacy are preferred. If doors without integral blinds are utilized, blinds must have a top and bottom mount bracket installed to stabilized blinds. (See also, Blinds/Shades.)
- i. Automatic openers are required for ADA compliance in community center and/or other public spaces and should be installed on all public access doors along designated accessible routes. Spaces with multiple entry points only require automatic openers on one entry point (for example: a community room with three entry points will only be required to provide automatic door openers on one entry point). Public restrooms and offices do not require automatic door openers. Buildings with interior access ADA units should also provide automatic openers along the public access accessible routes. (See also, Electrical.)

**12. Windows**

- a. New and replacement windows must be Energy Star and rated for zone 4 and wind rated for 90 mph or DP20 minimum. Exceeding code required "U" value standard is permissible if costs are reasonable.
- b. Slider windows are not allowed. Single hung should be considered, local codes will dictate.
- c. Window limiters must be included/installed as required by code.

**13. Drywall**

- a. All drywall must be glued and screwed.

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- b. Moisture-resistant drywall shall be used in all locations where plumbing penetrates walls, including the entire bathroom, (i.e., ceiling and walls), or comply with building code, whichever is more stringent.
- c. Impact-resistant drywall shall be utilized on the first 4’ of walls (measured from floor up) in hallways, high-traffic areas, and accessible units.
- d. Mold-resistant drywall shall be used for all drywall window returns.
- e. Mold-resistant drywall shall be used for all exterior applications and core wall applications.
- f. If ceramic tile is used, cementitious board shall be provided as underlayment. Underlayment shall be properly waterproofed per manufacturer specifications/recommendations prior to installation of tile.
- g. Preparation is required to obtain level 4 finishes. For rehabilitation projects, if a level 4 cannot be achieved, overlay of existing wall with 3/8-inch drywall should be used. In some rehabilitation situations, other best practices for drywall repair may be considered at DSHA’s sole discretion.

**14. Flooring (Includes VCT/Vinyl/VCP/Carpeting)**

- a. 100% solid vinyl product (plank or tile) flooring shall be used for entry areas, bathroom, dining areas, kitchens, and utility areas unless prior approval is given by DSHA. A minimum of two-color fields required for vinyl tiles (VCT). Color variations and configuration design options may be allowed at DSHA’s sole discretion. Seal and wax per manufacturer’s direction. Manufacturer’s printed literature for heat treatment tolerances for warranty must be submitted. Vinyl sheet products are not permitted.
- b. Carpeting may be used in bedrooms and living rooms except in below-grade units, units where flooding is a concern (slab-on-grade in low lying areas), or units that have experienced flooding. If carpets are utilized, an additional \$150 per unit in replacement reserve funds is required. Carpets may not be installed in baths, kitchens, hallways, dining areas, or in front of exterior doors. Carpet to meet minimum weight and grade standard as follows:

Carpet Element	Minimum Grade/Standard
Filament	100% Smart Strand Triexta BCF
Gauge	5/32
Pile Height	.520
Stitches Per Inch	7.50
Certified Pile Height	29.40 oz.
Total Weight	64.47 oz.
Density	2,035
Primary Backing	Woven Polypropylene
Indoor Air Quality	#GLP 1118
Flammability	Pill Test – 16 CFR-1630.4 (FF-1-70): PASS
<i>Carpet width shall be 15’ wide to minimize seams in high traffic areas. No Berber allowed. Padding is required and shall be a minimum of 6# density.</i>	

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- c. Consider flooring types and material combinations when selecting materials for areas where flooding is a concern. Materials should be able to survive submersion for up to 72 hours if the floor is below the design flood elevation.
- d. 100% solid vinyl product flooring to be installed in common hallways, with two colors required if utilizing VCT. Carpet tiles may be approved at DSHA's sole discretion. Vinyl sheet products are not permitted.
- e. Hardwood flooring or other materials may be utilized as approved by DSHA.
- f. Gypcrete shall be sealed per manufacturer's specifications.
- g. All floor preparation for new flooring installation is the responsibility of the General Contractor and shall comply with manufacturer's written installation instructions (including temperature restraints). If homosote and/or gypcrete is present, expect to remove material prior to installation of new flooring material.

### 15. *Painting*

- a. All interior paints and primers shall have low or no VOC levels.
- b. Paint shall be a three-coat system: one (1) primer and two (2) finish coats. Paint materials shall be comparable to Sherwin-Williams's Builder's Solution Interior Latex washable flat paint, eggshell, or low luster semi-gloss. Kitchens and bathrooms shall be semi-gloss with flat paint permitted for ceiling application only. Other paints must be approved by DSHA.
- c. Rehabilitation properties shall have primer similar to "Kilz" enamel or oil-based type sealer/primer for application on existing drywall or approved primer to adhere to existing drywall conditions.

### 16. *Playground/Site Recreation*

- a. A designated recreation area shall be provided for every site. Designated recreation areas are considered "common areas" and must be on an accessible route.
- b. Family developments must provide a playground or Tot Lot on site. Senior sites should provide site recreation such as gazebos, hard-surface walking trails, bocce courts, etc. All proposed senior site recreation must be submitted to DSHA for final review and approval prior to application.

### 17. *Specialties*

- a. All shelving shall be vinyl coated wire units. Provide all intermediate supports needed.
- b. Contractor shall supply rechargeable 2.5 #ABC fire extinguishers (minimum size) for each unit, or where code mandates- whichever is more stringent. All fire extinguishers shall be tagged and inspected annually.
- c. Site Signage
  - i. Construction Signage: a temporary project banner or sign of exterior grade plywood and wood frame construction must be provided. The sign should list the project name, DSHA, name of owner, architect/engineer, professional sub consultants, contractor and major subcontractors. Other funding sources and/or partners may also be included. Erect on site at location established by the architect/engineer.



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- c. Patio and/or French doors with integral blinds built in between glazing to provide privacy are preferred. If doors without integral blinds are utilized, blinds must have a top and bottom mount bracket installed to stabilized blinds. (See also, Blinds/Shades.)
- d. Vertical blinds are prohibited.

### **20. Plumbing**

- a. Condensate lines shall drain correctly with exterior grade and/or foundation (pumps shall be provided when needed). Existing condensate lines shall be cleaned and tested, discharge connections verified and replaced as necessary. Architect to provide written confirmation that condensate lines have been cleaned and are in good working order. Contractor to check discharge location(s) and eliminate pooling water.
- b. Floor drains and/or sump holes shall be provided in all basements and/or crawl spaces. The floor shall be pitched to these drains or sumps and the drains or sumps shall be connected to a positive drainage system or to the exterior of the building. Sump pumps must be installed, ½ hp minimum with battery backup. Sump pits shall be provided with cover.
- c. No polybutylene piping allowed.
- d. Provide a main water supply shutoff for each building.
- e. Existing sanitary lines shall be video traced to determine viability for the rehabilitation.
- f. Contractor to verify if site has curb stops, water meters, and/or meter pits required by applicable municipalities. Existing curb stops shall be examined for viability. Inspection date of maintenance shall be provided.
- g. Electric hot water heaters shall have a minimum Energy Factor of 0.92EF or better. All gas fired models shall be Energy-Star certified. Minimum warranty period is ten (10) years. Exceeding DSHA standards is permissible if costs are reasonable. Storage pans shall be provided for all hot water heater storage tanks. Tanks must be elevated up off pan base.
- h. Any heat or coil unit located in attic area shall have a pan and condensate line draining to the exterior.
- i. Boilers and/or water heaters serving more than one (1) unit shall be replaced with individual units where practical, considering space and cost limitations. DSHA must be consulted before such decisions are made.
- j. Where flooding is a concern (in a FEMA flood zone or a building with a history of flooding), raise domestic water heater above the Design Flood Elevation (DFE).
- k. When possible, install backwater valves to prevent storm and sanitary sewer backups during coastal storm surges or precipitation-related flooding events. Backwater valves should be equipped with an alarm that alerts building management when activated so that residents can be informed not to use plumbing fixtures in their units. Smaller backwater valves may be installed on the waste line leaving individual fixtures such as sinks, toilets, showers, and bathtubs, and are recommended on the lowest fixtures in flood-prone locations.

**21. *Sprinklers/Fire Suppression***

- a. Sprinkler systems are required.
- b. All sprinkler and fire alarm systems must be designed and approved by the appropriate Fire Marshal **PRIOR** to construction closing.

Multi-family residential buildings, new construction or rehabilitation, shall follow the Delaware State Fire Prevention Regulations to the fullest extent of the law. No exception will be made for rehabilitation which will qualify for the 50% rule for grandfathering of any code. Entire Fire Prevention Regulations can be found at the following web page  
<https://statefiremarshal.delaware.gov/>

**All commercial space(s) and/or community space(s) must be sprinklered.** Stand-alone maintenance buildings and/or maintenance sheds do not need to be sprinklered unless otherwise required by the appropriate Fire Marshall.

- c. Flow tests to confirm water service and capacity requirements should be submitted at application, but no later than construction closing.
- d. Where any fire suppression associated costs are identified and not included in the projected fire suppression and associated cost line items after an allocation of credits is awarded, any additional costs shall be paid from the developer fee and will not be allowed from contingency.

**NOTE:** Scattered sites shall be determined on a case-by-case basis.

- e. Contractor shall supply rechargeable 2.5 #ABC fire extinguishers (minimum size) for each unit, or where code mandates- whichever is more stringent. All fire extinguishers shall be tagged and inspected annually (See Specialties).

**22. *HVAC***

- a. All condenser units shall be set on a poured concrete pad sized according to manufacturer's installation and all applicable codes. Design shall incorporate multiple condensers on concrete pad and avoid inside corners where applicable.
- b. All condenser unit pads shall be landscaped to avoid mowing and trimming around unit.
- c. Verify that refrigerant lines are appropriate for HVAC unit size and type. Lines not being replaced are to comply with all of the requirements of the manufacturer for using existing lines. Submit a letter from the manufacturer that states the use of existing lines will not reduce performance and/or warranty of the heat pumps or other air condition systems.
- d. High efficiency HVAC units are required.
  - i. Furnace efficiency = 90AFUE
  - ii. Min. SEER = 14.0 or better.
- e. All residential units must comply with one of the following:
  - i. HVAC systems must include an inline dehumidification system; ***or***
  - ii. An Energy Star qualified dehumidifier must be installed in each residential unit. The dehumidification unit must be a stand-alone unit, supplemental to the unit's heating and cooling system.

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- f. No through the wall HVAC units (PTAC).
- g. Programmable thermostats are required.
- h. Freon recovery reports must be provided for all rehabilitation projects where the HVAC system is being replaced (See also Building Environmental Remediation).
- i. When central HVAC equipment is proposed or replaced, locations where flooding is a concern (in a FEMA flood zone or a building with a history of flooding) should be avoided. HVAC equipment should be installed and/or raised above the Design Flood Elevation (DFE).

### 23. *Electrical*

- a. All building codes shall be incorporated into development plans and specifications. Any item required to make project code compliant will not be an extra or a change order. All incidentals shall be included.
- b. Electrical services shall be field verified. Service loads shall be calculated prior to any equipment upgrades and all necessary components made a part of the contract price.
- c. All existing utility conditions, including transformers, shall be verified and included into base bid of contract.
- d. Automatic openers are required for ADA compliance in community center and/or other public spaces and should be installed on *all* public access doors along designated accessible routes. Buildings with interior access ADA units should also provide automatic openers along the public access accessible routes. (See also, Doors and Frames.)
- e. All lighting must be Energy Star LED fixtures. If LED is not available, Energy Star fluorescent may be used. Ceiling fans, as well as light kits, must be Energy Star rated. For areas not covered under ENERGY STAR, DLC rating on the lighting fixtures is acceptable.
- f. Overhead ceiling fixtures shall be provided in the living room/dining areas and all bedrooms. Swag fixtures are prohibited. Wall sconces may be installed in lieu of overhead fixtures due to existing conditions and with the approval of DSHA.
- g. Bathrooms shall provide minimum of one ceiling fixture and one wall fixture.
- h. Exterior light fixtures shall not have bright brass finish. Exterior fixtures must be rated for exterior applications. Energy Star rated porch lights with a photocell are required.
- i. Automatic light controls/occupancy sensors shall be installed in all community spaces to minimize energy use.
- j. Provide one telephone and cable outlet in each bedroom and one other telephone and cable outlet in the unit. If possible, use combination box/plate.
- k. Verify local cable and internet provider for availability, cable and/or media box install requirements, and any additional electrical install requirements.
- l. Install locations of demarc boxes for cable/internet/phone network hub in each building must be identified. Install location for individual service boxes must be identified for each unit and a dedicated outlet provided for each unit. Verify local cable and internet provider for

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availability, cable and/or media box install requirements, and any additional electrical install requirements.

- m. When systems are upgraded or moved, raise electrical equipment, conduit, panels, and wiring above the Design Flood Elevation, and seal penetrations through buildings to prevent water intrusion.
- n. When possible, update emergency lighting to LEDs and add wayfinding maps and reflective strips to help residents during power outages and emergency conditions.
- o. When possible, install backup generators designed to support the identified critical loads of the development. Consider the backup power needs of residents, especially if they are expected to shelter in place during power outages. Plan for regular generator maintenance and operator training.

### **24. Fire Alarms/Security Systems**

- a. Combination smoke and carbon monoxide detectors shall be provided for all projects.
- b. Knox boxes shall be provided per Fire Marshal and/or local Fire Chief's requirements.
- c. Security and surveillance systems are required. The security system will provide surveillance for all residential buildings and common areas, including parking lots and community buildings and shall be monitored by the management company. Expanded system shall be provided and tied into the monitoring system of the local police department (documentation from police department should be submitted as an attachment in the application).
- d. Senior dwelling units shall be provided with medical emergency pull chains (nurse call) in at least two (2) locations that are connected to a central station. The two (2) locations will be in the master bedroom and full bathroom. The pull chains will be wired to an exterior warning device that consists of a strobe light and audible alarm. Wireless systems may be approved at DSHA's sole discretion.
- e. When systems are upgraded or moved, raise fire alarms and security systems above the Design Flood Elevation (DFE), and seal penetrations through buildings to prevent water intrusion. New systems shall be installed above the DFE.

### **25. Termite Protection/Pest Protections**

- a. A termite/pest inspection and certificate shall be provided for all rehabilitation projects ninety (90) days prior to construction closing.
- b. Termite pre-treatment of soils is required for all new construction. Certificates shall be part of the Operation and Maintenance Manual.

## Architectural Plans, Engineering and Specification Review (AE&S) Process

All LIHTC Applicants must provide and/or meet the AE&S minimal-submission requirements listed below as part of the LIHTC Application. DSHA will review for compliance and proper documentation/information.

### A. Minimum AE&S Application Threshold requirements:

1. Location Map with all services located and noted;
2. Plot plan of preliminary survey with all wetland and/or flood plain elevation, easements proposed and/or existing;
3. Utilities available to site;
4. Conceptual Site Plan with proposed development/redevelopment; should include design concepts that reflect the surrounding community;
5. Conceptual Drawings:
  - a. A floor plan with dimension, room designations, ADA units, and proposed finishes;
  - b. Exterior elevations with material notations; and
  - c. Typical wall sections and detail.
6. Compliance with the following requirements:
  - a. Gross square footage for new construction and conversion developments;
  - b. Fair Housing and ADA requirements;
  - c. CNA and all applicable checklists;
  - d. Phase I Environmental Audit and/or Phase I Site Environmental Assessment, including remediation plan, if applicable;
  - e. Energy and Green certifications and/or Energy Conservation Measures are completed and identified;
  - f. Historic documentation, if applicable; and
  - g. Development and Unit Amenities documentation.
7. Resilience Assessment of site for renovation or new construction. Applicants may use DSHA's Resilience Assessment Tool.

### B. 80% or Greater Project Plans and Specification Requirements:

Required for LIHTC Applicants that have received an award of LIHTC and/or DSHA funding and are proceeding towards construction closing.

The first set of plans and specifications submitted for review must be at least 80% complete (see below for additional details). A redesign fee will be assessed if DSHA must make multiple reviews due to, but not limited to, the following conditions:

- a. Substantial design change;
- b. Increase and/or decrease in the number of units; and
- c. Change of architectural team and/or change in initial concept.

**NOTE: All fees assessed at DSHA's discretion. See the Funding Supplement for additional information.**

### Architectural Plans

#### 1. Civil drawings

- a. Proposed site plan should include all existing structures and locations of all proposed structures, utilities, storm water management areas, parking areas, and driveways/entrances.
- b. ALTA Survey with property description, existing and proposed roads and parking elements
- c. Storm Water Management Plan
- d. Information concerning the proposed site specific to the project, accessibility and visitability features retaining walls, etc.

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- e. Existing Conditions and Demolition Plan
- f. Site and Utility Plan, including fire flow capacity, electrical capacity, with existing current utility conditions (i.e. cable, phone and media boxes)
- g. Erosion and Sediment Control Plan
- h. Grading Plan
- i. Details and Notes
- j. Landscape Plan
- k. Lighting Plan

### 2. Architectural drawings

- a. Title Sheet
  - Project information including Project name and address
  - The names, addresses and contact information of Owner and all Consultants
  - Date
  - Submissions level
  - List of Drawings
  - Project-Area Breakdown
  - Unit Mix and Square Footages
  - Vicinity Map
- b. Demolition Floor Plans for Each Building Level (1/8" scale)
- c. Preliminary Floor Plans for Each Building Level (1/8" scale)
- d. Demolition Plans of Individual Units (1/4" scale min)
- e. Individual Unit Plans (1/4" scale min)
- f. Schematic Exterior Building Elevations (1/8" scale min)
  - Provide elevations of all major exterior wall areas
  - Provide schematic key plan indicating elevation locations
  - Include demolition information as required
- g. Typical-Rated wall types and assemblies
- h. Typical Foundation Plans and Details
- i. Typical Roof and Stair Details
- j. Air Sealing Details
- k. IECC Air Sealing Details
- l. Door Schedule
- m. Window Schedule
- n. Door Head and Jamb Details
- o. Window Head and Jamb and Sill Details
- p. Threshold Details
- q. Unit Floor Finishes
- r. Kitchen Elevations
- s. Bathroom Elevations
- t. Site lighting and photometrical drawings
- u. Landscape drawings
- v. Phase I Environmental Site Assessment
- w. Termite Report
- x. Structural, Geotechnical, Roof Condition and Sewer Line reports when applicable
- y. Energy Conservation Measures Plan, as applicable

### 3. Structural drawings

- a. Information concerning the proposed Structural Systems and Information on Unusual Conditions as required
- b. General Notes and Code Compliance
- c. Schedules and Special Inspections

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- d. Framing Plan
- e. Foundation Plan
- f. Roof Framing Plan
- g. Foundation Details

### 4. Mechanical drawings

- a. Mechanical Plan
- b. Typical Unit Plan
- c. Mechanical Schedules and Details

### 5. Plumbing drawings (including approved Fire Suppression plan)

- a. Information concerning the proposed plumbing systems and information on Unusual Conditions as required
- b. Information on existing plumbing systems and the effect that project will have on these
- c. Building Sanitary Plan
- d. Domestic Service Plan
- e. Typical Sanitary Plan
- f. Typical Domestic Plan
- g. Sanitary Riser Plan
- h. Fire Protection Plan

### 6. Electrical drawings (including approved Fire Alarm)

- a. Information concerning the proposed Electrical Systems and Information on Unusual Conditions as required
- b. Information on the existing electrical system(s) and the effect the proposed renovations will have on the existing system(s)
- c. Electrical Plans
- d. Typical Electrical Renovated Unit Plan
- e. Electrical Site Lighting Plan
- f. Electrical Site Lighting Photometrics Plan
- g. Site Power Plan
- h. Electric Schedule
- i. Electrical Details and Diagrams

## **Specification Requirements**

### 1. General Information

- a. The Specifications shall include all sections of the 32 Division CSI format applicable to the project. The outline specifications should support the information described in the threshold and scoring criteria.
- b. The specifications need not be complete CSI/MasterSpec format. The section numbering and naming shall comply with the CSI 32 Division format
- c. The Specification cover shall include the following:
  - i. The names, addresses and contact information of the Owner and all consultants;
  - ii. The project name and address;
  - iii. Date; and
  - iv. Submissions level.
- d. A complete table of contents shall be included at the front of the Specifications

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2. Division 00
  - a. Include General Conditions, Supplementary Conditions and other project requirements, including those of all lenders and syndicators/investors
  - b. Include Specific Renovation/Demolition related sections as required
  - c. List of Drawing Sheets
  - d. Procurement Substitution Procedures
  - e. Existing Condition Information, if applicable
  - f. Geotechnical Data
3. Division 01- General Requirements
  - a. Summary
  - b. Payment Procedures
  - c. Project Management and Coordination
  - d. Submittal Procedure
  - e. Quality Requirements
  - f. Temporary Facilities and Controls
  - g. Execution
  - h. Construction Waste Management and Disposal
  - i. Close Out Procedures
  - j. Operation and Maintenance Manual Data
  - k. Project Record Documents
4. Division 2 through 32
  - a. Include sections for all proposed elements
  - b. Include Specific Renovation/Demolition related sections as required.
    - Part I- General
    - Part II- Products
    - Part III- Execution

## Delaware State Housing Authority Capital Needs Assessment Policy

The Capital Needs Assessment (CNA) is a qualified professional's opinion (typically an Architect or a qualified rehabilitation specialist) of a property's current physical condition. The CNA identifies deferred maintenance, physical needs, remaining useful life of key components, building material deficiencies, material building code violations that affect the property use, structural and mechanical integrity, and future physical capital and financial needs.

The purpose of the CNA is to determine a property's physical capital needs over the next 20 years and/or to determine the type of rehabilitation needed for securing Low Income Housing Tax Credit (LIHTC) and/or financing from DSHA. Rehabilitation applicants (including preservation, historic, conversion, and adaptive re-use projects) must submit a CNA as part of the LIHTC application. If a CNA is not submitted/completed, the application will be considered incomplete and will not be scored.

**NOTE:** For rehabilitation applications proposing complete demolition and new construction of all buildings, a CNA may not be required. Please reach out to DSHA for confirmation of requirements.

### **Base Requirements:**

1. CNA reports cannot be prepared more than 12 months prior to application submission;
2. The report must cover all buildings within the project;
3. The CNA professional cannot have an identity of interest or business with the General Contractor, Owner, Developer, or Appraiser of the project being evaluated;
4. The Architect of record for the proposed project may be the CNA provider;
5. As part of DSHA's pre-inspection notice for LIHTC applications, DSHA staff will visit the site prior to the CNA to provide technical assistance. Although not required, a draft version may be submitted to DSHA for comment prior to final submission; and
6. One (1) hard copy of the final report shall be incorporated into the Exhibit portion of the LIHTC or other DSHA financing application and an electronic copy in a PDF format in the scanned version of the LIHTC or other DSHA financing application.
7. The final CNA must be signed, dated, and certified by the CNA professional completing the report.

**NOTE:** For USDA-financed developments **ONLY**, applicants may be required to utilize the USDA Rural Development CNA Tool and CNA process. DSHA will accept the Rural Development CNA in place of the DSHA required CNA.

### **Main components of the CNA Report:**

#### ***1. Executive Summary***

- a. Brief narrative of the project;
- b. Date of report;
- c. Name and location of project including all buildings;
- d. Name and contact information of the current property owner;
- e. Name and contact information of the proposed new property owner, developer, and/or client;

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- f. Name and contact information of the CNA provider; and
- g. Name(s) of individual(s) that prepared the report.

### 2. **Basic Project Information**

- a. Current property information:
  - i. Lot area in square footage and acres;
  - ii. Type of building: single family home, duplex, townhouse, apartment building (low, mid, or high rise and walkup or elevator);
  - iii. Building(s) footprint in square footage and acres;
  - iv. Current number of regular and accessible parking spaces (including garage stalls);
  - v. Public or private maintenance;
  - vi. Building(s) gross square footage;
  - vii. Number and gross square footage of all dwelling units summarized by type and floor level;
  - viii. Identify and summarize common use spaces and amenities (include gross square footage);
  - ix. Identify type of construction, total number of buildings, total number of stories, and building height;
  - x. Date of original construction and permits obtained for construction; and
  - xi. History of any fires, flood damage, or insurance claims.
- b. Vicinity Map - Provide an aerial site map or survey showing property lines, neighboring streets and properties, and other information deemed necessary.
- c. Current photographs of the site. Photos should document and support findings including, but not limited to, the general building exterior, site conditions, kitchens and bathrooms, flooring, entry areas, common areas, architectural and structural components, and mechanical systems.

### 3. **Inspection Requirements**

- a. CNA Professional (for report purposes):
  - i. At least 50% of the dwelling units in a development containing fifty (50) or less units; or
  - ii. At least 40% of the dwelling units in a development containing fifty-one (51) or more units.
- b. DSHA will also complete a site inspection at least forty-five (45) days prior to submission of an application to ensure that its standards are being met and reserves the right to require additions and/or amendments to the CNA.

### 4. **Management and Maintenance Staff Interviews**

- a. Document a five-year history of capital and major repair expenditures; and
- b. Identify known future capital improvement needs or other deferred maintenance needs.

### 5. **DSHA Rehabilitation Standards Checklist and Life Expectancy Chart**

- a. Provide an analysis of key building systems and assemblies utilizing DSHA's *Life Expectancy Chart*, estimating age, expected useful life and effective remaining life, and need of replacement.

### 6. **Scope of Work**

- a. Capital Improvements: Provide an itemized description/evaluation of capital improvements needed for rehabilitation over a 20-year term:

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- i. Site Improvements (utilities, parking, paving, sidewalks, water, sewer and drainage, landscaping, trash enclosures/compactors, other structures, and general site improvements);
  - ii. Building Architectural and Structural Systems (foundations superstructure and floors, roof structures and roofing, exterior walls and stairs, siding, downspouts, electrical fire protection systems, security systems, history of any and/or all fire-life safety issues and verify all substrates and/or flooring surfaces for suitability of new VCT and/or carpet installation.);
  - iii. Common Areas (parking areas, office, community rooms, common areas energy efficiency, tenant amenities, playgrounds and playground equipment);
  - iv. Mechanical, Electrical and Plumbing Systems (building HVAC, plumbing, electrical, elevators, fire protection/security systems); and
  - v. Dwelling Units (interior finishes, all floors, walls, ceilings, paint, kitchens and appliances, carpet, vinyl, interior doors, shelves, cabinets, vanities, closets, interior HVAC, plumbing, and bathroom fixtures).
- b. Critical Repair Items: All health and safety deficiencies or violations that require immediate remediation. Identify in detail any repair items that represent an immediate threat to health and safety, and all other significant defects, deficiencies, items of deferred maintenance, and material building code violations (individual and collectively, physical deficiencies) that would limit the expected useful life of major components or systems. Deficiencies regarding significant life safety issues must be identified; Include environmental issues, mold and mildew, infiltration and/or flooring, and existing sprinkler system inspection log.
- c. Long-Term Physical Needs: An estimate of the repairs and replacement items beyond the first year after rehabilitation that are required to maintain the development's physical integrity over the next **twenty (20) years**, such as major structural systems that will need to be replaced during this period; Include venting or condensation issues;
- d. DSHA Environmental Due Diligence Checklist: The report shall provide observed or potential on-site environmental hazards;
- e. Cost Estimate: All items included in the main components of Capital Improvements, Critical Repair Items, Long Term Physical Needs, and the abatement of environmental hazards must be included in the scope of work proposed in the CNA application;
- f. Appendices (photographs, site plans, maps, etc.); and
- g. Qualified Profession and Individual(s) responsible for preparing the report:
- i. Identity of Interest Certification. The CNA provider must include and certify within the final report the following: "I certify that neither (insert Firm name), nor any partner, director, stockholder, officer, employee, or agent associated with the Firm, nor any person or entity, having a financial interest in the affairs of the Firm: 1) has or will ever have an affiliation with any other person or entity providing services for the development including, but not limited to, Contractor, Owner, Developer, or Appraiser; 2) has not received nor will receive any benefit from the acquisition of the subject property in this report including, but not limited to, profit from the sale of the land, rebates, commissions or fees, except as hereunder disclosed (insert if applicable)."

<b>REHABILITATION STANDARDS CHECKLIST</b>			
<i>Must be completed by all rehabilitation projects</i>			
Project Name:			
Date Built:			
Date of Last Rehabilitation (if applicable):			
EXTERIORS	DETAIL/CONDITION		
ROOF	Age (Yrs):		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Roof Type/Pitch/Flat</i>			
<i>Number of Layers</i>			
<i>Substrate Material</i>			
<i>Fire-rated Required?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Insulation Type</i>			
<i>Ventilation</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Estimated R-Value</i>			
SIDING	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Type/Substrate/Vapor Barrier</i>			
<i>Brick (if applicable)</i>	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Is re-pointing necessary?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
EXTERIOR DOORS/FRAMES	Age (Yrs)		Type: _____
<i>Sliding doors? Flashing Pan present?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Patio doors? Flashing Pan Present?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Hardware</i>	Age (Yrs)		Type: _____
WINDOWS	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Meet egress requirements?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
GUTTERS/DOWNSPOUTS	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Material/Type</i>			
FASCIA/SOFFITS	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Material/Type/Substrate/Vented</i>			
SIDEWALKS	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Meets fully-accessible compliance/ramping/curb cuts?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Any areas shaved?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
PARKING LOT* Size of parking areas	Age (Yrs)	SF ____	Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Fully-Accessible Curb Cuts</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
STANDING WATER AREAS	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Deteriorated areas</i>		SF ____	Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>

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EXTERIORS (Continued)	DETAIL/CONDITION		
<i>Spaces provided /required /grandfathered:</i>			
<i>Handicap parking provided?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Bumpers provided?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>*NOTE: Any parking lot surface with either fair and/or poor conditions shall have a civil engineer complete a survey as to the remaining lifespan. If determined, contractor shall include quantity in needs assessment to replace pavement and subsurface.</i>			
LIGHTING (Exterior)	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Tied to house panel?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
SECURITY SYSTEM	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
PATIOS/BALCONIES	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Meet current codes?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
MAINTENANCE-FREE EXTERIOR	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
STORM WATER MANAGEMENT	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<i>Date of Last Preventative Maintenance</i>
ASBESTOS PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<i>NESHAP Environmental Audit</i>
LEAD PAINT PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
MOLD PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
INTERIORS	DETAIL/CONDITION		
KITCHEN	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Cabinets</i>	Age (Yrs)		Type: <input type="text"/>
<i>Countertop</i>	Age (Yrs)		Type: <input type="text"/>
APPLIANCES			
<i>Refrigerator</i>	Age (Yrs)		Size: <input type="text"/>
<i>Frost-free?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Dishwasher</i>	Age (Yrs)		
<i>Stove</i>	Age (Yrs)		Gas <input type="checkbox"/> Electric <input type="checkbox"/> U.L. Gas Conn. <input type="checkbox"/>
<i>Garbage Disposal</i>	Age (Yrs)		HP: <input type="text"/>
<i>Exhaust Hood</i>	Age (Yrs)		Vented to Exterior <input type="checkbox"/> Recirculating <input type="checkbox"/>
<i>Washer</i>	Age (Yrs)		Stack <input type="checkbox"/> Side-by-Side <input type="checkbox"/>
<i>Drain provided?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Dryer</i>	Age (Yrs)		
<i>Vent pipe material?</i>			
<i>Code compliant venting?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
BATHROOM			
<i>Bathtub</i>	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Tub Surround</i>	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>

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INTERIORS (Continued)	DETAIL/CONDITION					
<i>Anti-scald valve?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
<i>Sink/Vanity</i>	Age (Yrs)		Type:			
<i>Toilet</i>	Age (Yrs)		Type:			
<i>Water-saver?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
<i>Fully-Accessible Access?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
<i>Flange Material</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Code compliant Exhaust Fan</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
FLOORING						
<i>Asbestos present (in flooring or adhesive)?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Type:			
<i>Carpeting</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Type</i>						
<i>Vinyl Composition</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Type</i>						
<i>Subflooring Material</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Any existing soft spots in flooring?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
<i>Base Molding</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
WALLS						
<i>Type</i>						
<i>Asbestos present?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
<i>Mold or mildew present?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
CEILINGS	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Type</i>						
<i>Textured?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Active staining present?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
SMOKE DETECTORS	Age (Yrs)		Hard-wired <input type="checkbox"/>	Battery <input type="checkbox"/>		
<i>Meet current codes? CO2 detectors?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Date of last inspection:			
SPRINKLER SYSTEM	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Date of last inspection:			
<i>Meet current codes?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
INTERIOR DOORS/FRAMES	Age (Yrs)		Type:			
<i>Hardware</i>	Age (Yrs)		Type:			
INSULATION (Inches)	Ceiling:		Walls:		Floor:	
SHELVING	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
MINI BLINDS	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>

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INTERIORS (Continued)	DETAIL/CONDITION					
<b>SYSTEMS</b>						
<i>Are utilities paid by the tenants?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If yes, which ones?			
<i>Is there a boiler system?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Age (Yrs)		Date of last inspection:	
<i>HVAC</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>HVAC Type/Electrical Connection</i>	Type:		Amps:			
<i>Meets current codes?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
<i>Code compliant venting?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
<i>Duct System</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Last cleaning date/pressure test Date:</i>						
<i>Air Conditioning</i>	Age (Yrs)		Type:			
<i>Condensation Lines cleaned and/or inspected? Date:</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Water Heater</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Type and Location</i>						
<i>Pan Present?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Electric Supply</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Type</i>	GFI:		Amperage Supply:		AMP Service:	
<i>ARC Fault Interrupter?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Last Inspection Date</i>						
<b>PLUMBING</b>						
<i>Water Supply Lines: Material _____</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Curb Stops</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Last Inspection Date:</i>						
<i>Master meter or individual meters?</i>	Master <input type="checkbox"/>	Individual <input type="checkbox"/>				
<i>Shut-off Valves</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Water Meters: Up to Code?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Vent Stacks: Material _____</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<b>ELECTRIC</b>						
<i>Underground Transmission Lines</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Aboveground Transmission Lines</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Meters: Last Inspected _____</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Electric Panels:</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Amps:</i>						
<i>Brand:</i>						
<b>SPRINKLER SYSTEM</b>						
<i>Is there a sprinkler system?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Age (Yrs)		Date of last inspection:	

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INTERIORS (Continued)	DETAIL/CONDITION		
<i>Service Capacity</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Spare Breaker Capacity</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Site Lighting Adequate?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
ANY UNITS FINISHED BELOW GRADE?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
ASBESTOS PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<i>NESHAP Environmental Audit:</i>
LEAD PAINT PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Certificate available? Yes <input type="checkbox"/> No <input type="checkbox"/>
MOLD PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
RADON TESTING?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Date of inspection:
COMMON AREAS	DETAIL/CONDITION		
INTERIOR STAIRS			Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Meet code requirements?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Handrail Height Continuous?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Meet Fully-Accessible Standards? Yes <input type="checkbox"/> No <input type="checkbox"/>
COMMON HALLWAY (Interior)	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Fire Protection?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Last Inspection Date:
<i>Adequate Lighting?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Walls</i>			Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
ELEVATORS	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Date of Last Inspection</i>			
Meet Fully-Accessible Access Requirements?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
LAUNDRY ROOM	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Heated/Cooled?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Fully-Accessible?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Fully-Accessible Machines Available?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
COMMUNITY ROOM	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Size (Square Footage):</i>			
<i>Fully-Accessible?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
UTILITY CONTRACTS			
<i>Cable Contract</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Provider:
<i>Other Utility Contracts?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Provider(s):
DOORS/FRAMES (Exterior)	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Type:</i>			
FOUNDATION, CRAWL, & BASEMENT	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Standing water present?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	

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COMMON AREAS (Continued)	DETAIL/CONDITION		
<i>Any foundation vents located below grade?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Access to foundation, crawl, or basement?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
ASBESTOS PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NESHAP Environmental Audit: <input type="checkbox"/>
LEAD PAINT PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Certificate available? Yes <input type="checkbox"/> No <input type="checkbox"/>
MOLD PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
MAILBOXES	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Type:</i>			
<i>Parcel boxes provided?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>On Accessible Route?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
PLAYGROUND EQUIPMENT	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Type:</i>			
<i>Meets Safety Guidelines?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Lighting?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Is Playground on Accessible Route?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
SWIMMING POOL	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
FENCING	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Type, Material, and Height</i>			
<i>Perimeter/Partial?</i>			
DUMPSTERS			Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Locations:</i>			
<i>Are gates required by municipality?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Fully-Accessible?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Number:</i>	Existing:		Proposed: <input type="checkbox"/>
PROJECT SIGN	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Lighted?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Sign to be Replaced?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>ADA/Fully-Accessible/Fair Housing Logos?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
OTHER			
<i>Support Beams Material</i>			Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Joists</i>			Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Overhang provided?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Soffit ventilation provided per code?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Piers/Columns/Porches</i>	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>HVAC, Adequate Venting?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Last Inspection Date: <input type="checkbox"/>

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COMMON AREAS (Continued)	DETAIL/CONDITION		
<i>Common Entries?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Supply/Drain Pipes</i>			Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
GENERAL	DETAIL/CONDITION		
MINIMUM SQUARE FOOTAGE	(If units are to be converted)		
<i>One-Bedroom Units (Min. 700 sq. ft.)</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Two-Bedroom Units (Min. 850 sq. ft.)</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Three-bedroom Units (Min. 1,050 sq. ft.)</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Site Office?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Total Size (sq. ft.):</i>			
<i>Fully-Accessible Compliant?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Maintenance Shop?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Total Size (sq. ft.):</i>			
<i>Fully-Accessible Compliant?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
LOCATION ON FULLY-ACCESSIBLE/-COMPLIANT ROUTE?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
FIRE HISTORY OF PROPERTY:			
REHABILITATION STANDARDS CHECKLIST ADDITIONAL PROJECT NOTES/COMMENTS			

**DSHA - Life Expectancy (Years of Different Products/Items/Materials)**

**NOTE:** Items that are beyond 50% of life expectancy must be replaced. DSHA reserves the right to add/delete any item to the required rehabilitation.

Item	Life Expectancy (Years)	Item	Life Expectancy (Years)
<b>APPLIANCES</b>		<b>FINISHES</b>	
• Disposal	5	• Exterior paint, plaster, stucco	3-5
• Microwave ovens	5	• Interior, wall paint	3-5
• Ranges, free-standing/built-in, electric/gas	12	• Interior, door/trim paint	5-10
• Refrigerators, Standard	10	<b>FLOORS</b>	
<b>BATHROOMS</b>		• Vinyl sheet or tile	10
• Cast iron bathtub, resurface	25	• Carpeting	5
• Fiberglass bathtub and shower	10	<b>HEATING, VENTILATION, AND AIR CONDITIONING</b>	
• Shower doors (average quality)	5	• Air conditioning, central unit	10
• Toilet	10	• Air conditioning, window unit	5
<b>CABINETRY</b>		• A/C compressor	5-7
• Kitchen cabinets	10	• Rooftop air conditioners	10
• Medicine cabinets/bath vanities	10	• Furnaces, gas or oil fired	15
<b>COUNTERTOPS</b>		• Forced air furnaces, heat pump	10
• Laminate	10	• Unit heaters, gas or electric	10
<b>DOORS</b>		• Radiant heaters	10
• Screen	10	• Ductwork, plastic	15
• Interior, six-panel, Masonite	15	• Air terminals, diffusers, grilles, registers	15
• Exterior, unprotected/exposed	15	• Boilers, hot water, steam	15
• Exterior door trim	5-10		

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Item	Life Expectancy (Years)
<b>PLUMBING FIXTURES/PIPING</b>	
• Sinks, enamel, steel	5-10
• Sinks, stainless	10
• Faucets, low quality	5
• Water heater, electric	10
• Water heater, gas	11
• Pumps, sump and well	10
<b>ROOFING</b>	
• Asphalt, wood shingles, and shakes	20
• Built-up roofing, asphalt	10
• Coal and tar	10
<b>SAFETY</b>	
• Sprinkler Systems	12
• Smoke detectors, battery, hardwire	10

Item	Life Expectancy (Years)
<b>SHUTTERS</b>	
• Plastic, vinyl, exterior	7-8
<b>SIDING</b>	
• Wood, T1-11	10
• Aluminum	20
• Vinyl	25
• Gutters, downspouts	20
<b>WINDOWS</b>	
• Wood casement	20
• Wood, single, double hung	15
• Aluminum casement	10
• Window screens	5

<b>DSHA – CNA ENVIRONMENTAL DUE DILIGENCE CHECKLIST</b> <i>Must be completed by all rehabilitation projects</i>			
Project Name:	Percentage of Units Inspected: _____ %		
Date:	Percentage of Site Walked and Observed: _____ %		
Completed by:	Original Construction Date: _____		
Environmental Risks	Observed	Possible	Not Observed
Asbestos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asbestos Containing Materials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lead Paint	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Underground Storage Tanks, Lines and Vents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Above Ground Chemical Storage or Products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Visible Soil Discoloration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buried Waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PCB Transformers or Light Ballast	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Surface Water Discharge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sensitive Adjacent Properties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Potential Contaminated Adjacent Properties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Air Emissions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wetlands Areas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sanitary Sewer Failure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
On-lot Septic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private Water Supply	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Surface Impoundment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Excessive Noise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foul Odors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
French Drain or Disposal Pit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unsafe Material Management Practices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pipe Leaks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Radon Gas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sink Holes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Steep Slopes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Poor Drainage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ponds or Streams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Delaware State Housing Authority Relocation Assistance Policy

For all developments utilizing DSHA funding, including, but not limited to, HDF, HOME, HTF, or Low Income Housing Tax Credits (LIHTC) that results in permanent or temporary displacement of tenants, the applicant/developer must fully comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA).

The URA was last updated effective February 5, 2005. For a complete review of the final rule, please refer to the following: [05-6.pdf \(govinfo.gov\)](#) The *HUD Handbook 1378: Tenant Assistance Relocation and Real Property Acquisition* also outlines the requirements of the URA and is available through the HUD Website: [CPD Handbook 1378.0 | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#).

Additionally, per the DSHA QAP, developers may not displace residents for over-income purposes and DSHA strongly discourages proposals that will result in permanent displacement.

Failure to comply with the established URA and DSHA regulations may result in DSHA disallowing relocation costs, which may also decrease DSHA funding. It is recommended that the Applicant/Developer follow DSHA's recommended **Relocation Procedures**.

### **Notice Requirements**

Notices must be sent for developments with existing residents that may have temporary or permanent displacement. There are three (3) required notices:

- A. The first notice, **Notice to Residential Resident that they will not be Displaced**, must be sent upon the earlier of a contract of sale or prior to submission of an LIHTC application. (See **Attachment 1 for Section 8/USDA developments or Attachment 2 for Non-Subsidized developments**.) This notice informs all current and potential residents that the property is under an option to a buyer applying for DSHA assistance and, if the application is approved, the current/potential resident may be displaced. The notice also informs the current/potential resident that they may not qualify as a displaced person and therefore will not be eligible to receive any assistance or benefits described in the relocation policy. The Applicant/Developer must send DSHA a copy of this notification and a list of residents notified when the letter is sent.
- B. The second notice, **Notice of Eligibility for Relocation Assistance Residential Resident (see Attachment 3)**, must be sent after acquisition of the property.

The notice is sent to all current and potential residents when the property is acquired. This letter explains (a) that the development was purchased and cautions the person not to move; (b) that the person will not be displaced; (c) what occurs when the resident is temporarily displaced (i.e. approximately how long should they expect to be displaced from their current unit, how the Applicant/Developer will provide replacement housing while they are displaced, how the Applicant/Developer will assist with any moving costs incurred from their temporary move, etc.); and (d) that they will be able to move back into their unit. The Applicant/Developer must send DSHA a copy of this notification and a list of residents notified when the letter is sent.

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- C. The third notice, **Notice to Prospective Residents (see Attachment 4)**, is for prospective residents that may move into the development before the property is acquired to inform them that they may not be entitled to relocation assistance. The Applicant/Developer must send DSHA a copy of this notification and a list of residents notified when the letter is sent.

### **Relocation Plan and Budget**

The following documents must be provided as an Exhibit to the LIHTC/DSHA funding application. These processes shall be followed for all relocation activities.

- A. A list of all current occupants including name (for families, you need only list the name of the head of household and family size), unit/building address, and annual income after acquisition of the property.

NOTE: Within thirty (30) days of permanent closing, the Applicant/Developer must provide DSHA with a final list of all residents occupying the property. If this list differs from the list that was originally submitted with acquisition, the Applicant/Developer must explain why the resident is no longer an occupant. Please be prepared to submit evidence that the resident(s) moved on their own accord and not for reasons related to DSHA program rules (i.e. income limitations).

- B. A detailed relocation plan describing the manner in which the temporary displacement of residents will be handled. The relocation plan must be updated prior to initial closing.
- C. A comparison of the current rents being charged and the proposed rents for the project after rehab is complete.
- D. Comparable rents for all off-site relocation units. For off-site relocation units, the Applicant/Developer is required to assist the occupant in locating **decent, safe and sanitary housing** (hereafter referred to as DSS, as determined by local housing codes), and must use **at least three (3) DSS replacement units as comparables**.

NOTE: For Section 8 developments, residents cannot be relocated to units that are smaller than the units on the Housing Assistance Payment contract. For example, a single person in a three (3)-bedroom unit at a development must be relocated to a unit with a comparable number of bedrooms.

- E. A relocation cost budget with all project relocation expenses.
- F. Income verifications/certifications for residents residing in occupied units demonstrating that they are tax credit income eligible. For over-income residents, a certified letter from said residents indicating their willingness to be relocated if the unit is to be counted as tax credit eligible.

### **Reimbursement Process**

- A. Per DSHA's established draw process, a **RELOCATION REIMBURSEMENT FORM (see Attachment 5)** must be submitted with each draw request and must include all necessary back-up documentation.
- B. Eligible start-up/predevelopment relocation costs may be paid from operations and then reimbursed from construction proceeds if funds are available; however, relocation is not an operational expense unless otherwise approved in writing by DSHA and relocation activities do not constitute an operating deficit.

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- C. All relocation units must be occupied within ninety (90) days of rent payment and/or draw request. Payments to hold unoccupied relocation units for more than ninety (90) days will not be recognized as an eligible project cost by DSHA.
- D. Applicants may not receive reimbursement of relocation costs from more than two (2) sources (i.e., construction funds and/or Housing Assistance Payments). Subsidized properties that require off-site relocations can only request the difference between the subsidy rent and the off-site rent (which may be positive or negative) and other relocation costs, unless otherwise approved by HUD or USDA.
- E. The relocation budget must include expenses charged by the management firm or other approved entity for relocation to be eligible for reimbursement. This fee cannot be charged to the development's operating funds.

### **Relocation Procedures**

#### **A. Predevelopment**

1. Obtain a current rent roll to identify vacancies and tenant information.
2. Draft first notice of displacement informing residents and potential residents of the proposed acquisition and relocation. Send to DSHA for approval (URA Handbook, Pgs. 2-3, 2-4, & 2-5). Once approved, send first displacement notice to all residents and potential residents via **certified mail**. Relocation certified mailings are eligible for relocation reimbursement.
3. Organize a resident meeting to introduce new management company (if applicable), explain the relocation process, and answer questions.
4. Develop a relocation budget. Budget should include:
  - a. Bids from moving companies and any other third-party vendors (such as cleaning companies) necessary to complete the relocation process.
  - b. Off-site rental unit costs (if necessary).  
NOTE: Off-site units should be reserved for the duration of the relocation period. The lease and security deposits should be in management's name/limited partner's name. The DSHA Contract Administrator must inspect all relocation units prior to relocating any tenants for developments receiving Housing Assistance Payments (HAP).
5. Draft second notice of displacement to send once the acquisition is complete. The letter should inform residents when new management will be on site, inform them if an in-take interview will be scheduled, and available relocation assistance. Send to DSHA for approval. Once approved, send second displacement notice to all residents and potential residents via **certified mail**. Relocation certified mailings are eligible for relocation reimbursement.
6. If relocation will be completed on-site, begin holding units as they become vacant through normal attrition for use in on-site relocation.
7. Set up vendor accounts (bank, post office, office supply, etc.).
8. Locate "comparable replacement dwellings" for residents who do not want to stay or volunteer to move off-site during the relocation. A comparable replacement dwelling performs the same function, provides the same utility, and has a comparable style of living (URA Handbook, Pg. 1-7, 2-7 & 2-8).
9. Create a relocation folder for each resident keeping all relocation correspondence including a "Site Occupant Record" on file (URA Handbook, Appendix 8).

#### **B. During Construction**

1. Notify tenants of the construction phasing plan for relocation.
2. Complete interviews with all residents to determine LIHTC eligibility and review the relocation process. Have relocation vendor accounts in place.  
All tenant screening must be completed, including completing new residency applications. When applicable, criminal background checks should be completed on all adult residents; if denied

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residency due to the criminal background check, resident **is** still entitled to relocation assistance (URA Handbook Pg. 1-12; Note: criminal background checks should not be completed for existing Section 8 project-based residents).

File in JP Court on any delinquent residents; evicted residents are not entitled to relocation assistance (URA Handbook, Pg. 1-14).

3. Moving supplies should be provided to residents upon requests (boxes, bubble wrap, tape, etc.).  
**NOTE:** Tenants are not required to pack their belongings unless they elect to move themselves. Residents may elect to move themselves and still be entitled to collect the estimated moving expenses (URA Handbook, Pg. 2-12).
4. Terminate and/or transfer all utilities in management's name and/or tenant's name prior to turning the unit/building over for construction.
5. A property relocation expense report should be maintained. Reports should include date moved, location of move, and all moving expenses. Direct reimbursement to residents should be tracked with residents signing for any payments received.

Copies of all moving bills, utility bills (reconnect fees) and resident reimbursement checks should be maintained for each resident for reimbursement from the construction budget. Send DSHA a "Claim for Actual Reasonable Moving and Related Expenses" form with all backup for each resident (URA Handbook, Appendix 16).

### **Permanent Relocation Assistance**

Developments that experience permanent displacements for any reason, including residents who choose to permanently relocate or are not eligible to maintain residency due to criminal background checks, must follow all URA requirements. (URA Handbook, Pg. 1-11).

1. Issue the resident a letter of "Eligibility for Relocation Assistance-Resident" at least ninety (90) days in advance of their **permanent** relocation (URA Handbook, Pg. 2-5 and Appendix 6).
2. If resident refuses relocation assistance, have the resident sign a waiver (URA Handbook Pg. 1-25).
3. If resident accepts relocation assistance:
  - a. Provide referrals for replacement dwellings to the resident (URA Handbook, Pg. 1-7 & 2-9).
  - b. Issue relocation assistance payment in the required amount (URA Handbook, Pg. 3-10).  
An eligible displaced person who rents a replacement dwelling for more than their current monthly rent is entitled to a payment equal to 42 times the difference in the new monthly rent. Example: The resident finds a replacement dwelling of \$500 monthly with comparable utilities and their current dwelling rent is \$450 monthly. The resident is due the difference of  $\$50 \times 42 = \$2,100$  for relocation assistance in addition to moving expenses and transfer fees. Tenant must sign acknowledgment for reimbursement.

**NOTE:** If utilities are not comparable, the difference is subject to the same formula.

Attachment 1 (Section 8/USDA Multi-family)

**NOTICE TO RESIDENTIAL RESIDENT THAT THEY WILL NOT BE DISPLACED**

[Applicant Letterhead]

Dear Resident,

\_\_\_\_\_ has submitted an application to the Delaware State Housing Authority to rehabilitate the building that you occupy. If the application is approved, you will benefit from the substantial renovations that will take place. You may be relocated during these renovations. We urge you not to move anywhere at this time. This is not a notice to vacate the premises.

This is a Notice of Non-Displacement. You will not be required to move permanently as a result of the rehabilitation. This Notice guarantees you the following:

You will be able to lease and occupy your present apartment or another suitable, decent, safe and sanitary apartment in the same building/Development upon completion of the rehabilitation. Your monthly rent will remain the same or, if increased, your new rent and estimated average utility costs will not exceed 30% of the gross income of all adult members of your household. Of course, you must comply with the reasonable terms and conditions of your lease.

If you must move temporarily so that the repairs/rehabilitation can be completed, you will be reimbursed for all of your extra expenses, including the cost of moving to and from the temporarily occupied unit and any additional housing costs. The temporary unit will be decent, safe, and sanitary, and all other conditions of the temporary move will be reasonable.

**Since you will have the opportunity to occupy a newly rehabilitated apartment, I urge you not to move.** If you do elect to move for your own reasons, you will not receive any relocation assistance. We will make every effort to accommodate your needs. Because Federal and/or State assistance is involved, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, protects you.

If you have any questions, please contact \_\_\_\_\_ at \_\_\_\_\_. Remember do not move before we have a chance to discuss your eligibility for assistance. This letter is important to you and should be retained.

Sincerely,

Attachment 2 (Non-Section 8)

**NOTICE OF ELIGIBILITY FOR RELOCATION ASSISTANCE - EXISTING  
RESIDENTIAL RESIDENT**

[Applicant Letterhead]

Dear Resident:

\_\_\_\_\_ has been approved to rehabilitate the building that you occupy at \_\_\_\_\_.

This notice is to inform you that while the building is rehabilitated, you may be displaced. We urge you **not to move** anywhere at this time. This is **not** a notice to vacate the premises. We will be setting up interviews to start the qualification process beginning \_\_\_\_\_. You will be contacted either by phone or by mail to schedule your interview.

If you meet the criteria to qualify for a unit, you will be able to lease and occupy your present apartment or one comparable upon completion of the rehabilitation. The criteria to qualify for a unit include background checks on all adult household members. Of course, you must comply with standard lease terms and conditions.

If you meet the qualifications, after the rehabilitation your initial rent, including the estimated average utility costs, will not exceed the greater of (a) your current rent/average utility costs, or (b) 30% of your average monthly gross household income. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, and you will be reimbursed for all reasonable extra expenses, including all moving costs and any increase in housing costs. You can be assured that we will make every effort to accommodate your needs. Because a portion of the financing is from state or federal and/or state funding sources, you would be protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

If you do not meet the qualifications to remain as a tenant, you should continue to pay your rent because a failure to pay rent or meet your other obligations as a tenant may be cause for eviction and loss of relocation assistance. You are urged not to move or sign any agreement to purchase or lease a new unit before receiving formal notice of your eligibility for relocation assistance. If you move or are evicted before receiving such notice, you may not receive any assistance. Please contact us before making any moving plans.

If you are eligible for relocation assistance, you will be given advisory services, including referrals to replacement housing, and at least ninety (90) days advance written notice of the date you will be required to move. You would also receive a payment for moving expenses and may be eligible for financial assistance to help you rent or buy a replacement house.

No current resident or residents of \_\_\_\_\_ will be permanently displaced on the basis of failing to meet income eligibility requirements unless the resident(s) consents to permanent displacement. The resident(s) may consent to permanent displacement contingent upon receiving relocation assistance approved by the Delaware State Housing Authority.

Enclosed with this letter is what you will need to bring with you to your interview. If you should have any questions about our plans, please contact \_\_\_\_\_.

Sincerely,

Attachment 3

**SECOND NOTICE OF ELIGIBILITY FOR RELOCATION ASSISTANCE – EXISTING  
RESIDENTIAL RESIDENT**

[Applicant Letterhead]

Dear Resident:

On \_\_\_\_\_ we notified you that the owner of your building had applied for assistance to make extensive repairs to the building. On \_\_\_\_\_, the owner's request was approved and the repairs will begin soon.

This is a Notice of Non-Displacement. You will not be required to move permanently as a result of the rehabilitation. This Notice guarantees you the following:

1. You will be able to lease and occupy your present apartment or another suitable, decent, safe and sanitary apartment in the same building/Development upon completion of the rehabilitation. Your monthly rent will remain the same or, if increased, your new rent and estimated average utility costs will not exceed 30% of the gross income of all adult members of your household. Of course, you must comply with the reasonable terms and conditions of your lease;
2. If you must move temporarily so that the repairs/rehabilitation can be completed, you will be reimbursed for all of your extra expenses, including the cost of moving to and from the temporarily-occupied unit and any additional housing costs. The temporary unit will be decent, safe and sanitary, and all other conditions of the temporary move will be reasonable.

Since you will have the opportunity to occupy a newly-rehabilitated apartment, I urge you not to move. If you do elect to move for your own reasons, you will not receive any relocation assistance. We will make every effort to accommodate your needs. Because Federal and/or State assistance is involved, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, protects you.

If you have any questions, please contact \_\_\_\_\_, \_\_\_\_\_, at \_\_\_\_\_ . Remember do not move before we have a chance to discuss your eligibility for assistance. Please retain this letter for your records.

Sincerely,

Attachment 4

**NOTICE TO PROSPECTIVE RESIDENTS**

**(Not Applicable to USDA projects that have rental assistance or financing by USDA)**

[Applicant Letterhead]

Dear \_\_\_\_\_:

On \_\_\_\_\_ (date), I \_\_\_\_\_ (property owner or buyer) entered into an option to sell/acquire the property/unit you now propose to occupy. As part of my agreement to sell/acquire, I am to advise you of the following:

An application has been or will be submitted to the Delaware State Housing Authority (DSHA) for Low Income Housing Tax Credits to be used on the property you now propose to occupy. This notice is to advise that financial assistance available under a Relocation Assistance Policy is only for tenants that occupy units at this site at the time of the option to sell and **will not** be made available to you.

This notice is to inform you of the following information **before you enter into any lease agreement and occupy a unit at the above address:**

- You may be displaced from the property;
- You may be required to relocate temporarily; and.
- You may be subject to a rent increase.

You will not be entitled to any relocation benefits provided under DSHA's Relocation Assistance Policy. If you have to move or your rent is increased as a result of the above option/agreement, you will not be reimbursed for any such rent increase or for any costs or expenses incurred by you in connection with the move.

Please read this notice carefully prior to signing a lease agreement and moving into this property. If you should have any questions about this notice, please contact:

\_\_\_\_\_  
(Seller/Buyer)

\_\_\_\_\_  
(Address/telephone number)

Once you have read and understood this notice, please sign the statement below if you still desire to lease the unit.

Sincerely,

I have read the Notice to Prospective Residents and understand the conditions under which I am moving into this property.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



